NOTICE

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Thursday, September 19, 2024, 11:00 a.m. CT/10:00 a.m. MT

PLEASE TAKE NOTICE that on **Thursday, September 19, 2024, at 11:00 a.m. CT/10:00 a.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting by Virtual Conferencing.

The meeting will be made available by Zoom via Computer, Smart Device or Telephone https://larmpool-org.zoom.us/j/83117546966?pwd=WayPDDVg2Rbob0yShX3jQukelj28Vm.1 or via phone at 833-548-0282. The Meeting ID: 831 1754 6966 and the passcode is 808654.

Arbor 1 and 2 at the Cornhusker Marriott Hotel, 333 South 13th Street, Lincoln, Nebraska will be open for attendance by the public during the meeting.

An agenda of subjects known at this time is included with this notice, and the agenda shall be kept continually current and readily available for public inspection at the principal office of LARM during normal business hours at 206 South 13th Suite 800, in Lincoln, Nebraska. A notice of this meeting with the agenda and other materials is available at this location with the following links kept continually current on LARM's website – larmpool.org: an electronic copy of the agenda, all documents being considered at the meeting, and a link to the current version of the Open Meetings Act.

On September 12, 2024, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board.

AGENDA

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Thursday, September 19, 2024 at 11:00 a.m. CT/10:00 a.m. MT
By Virtual Conferencing

In accordance with the Open Meetings Act, Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed is available to the public at the meeting and at the link below for examination and copying. The LARM Board may pass motions to go into closed session on agenda items pursuant to the requirements of the Open Meetings Act.

Arbor 1 and 2 at Cornhusker Marriot Hotel, 333 South 13th Street, Lincoln, NE will be open for attendance by the public during the meeting. A notice of this meeting with the agenda and other materials will be available at this location with a copy of the Open Meetings Act posted.

You may join the meeting by Zoom via Computer, Smart Device or Telephone https://larmpool-org.zoom.us/j/83117546966?pwd=WayPDDVg2Rbob0yShX3jQukelj28Vm.1 or via phone at 833-548-0282. The Meeting ID: 831 1754 6966 and the passcode is 808654.

Officials of LARM members and members of the public may comment on agenda items or listen to the Board Meeting; however, if the Board votes to hold a closed session pursuant to the Open Meetings Act, officials of LARM members and members of the public may not comment or listen during that time.

1. Call meeting to order:

a. 11:00 a.m. CT/10:00 a.m. MT – Joey Spellerberg, Mayor of Fremont and Chair of the LARM Board, will call the meeting to order.

b. Roll call.

c. Indicate that on September 12, 2024, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board of Directors. Notice of this meeting with the agenda and other materials was available for public inspection at 206 South 13th Street, Suite 800, in Lincoln, Nebraska, and also posted with the following links kept continually current: an electronic copy of the agenda and all documents being considered at the meeting with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org.

d. A notice of this meeting, the agenda, and other materials are available at this location, and a copy of the Open Meetings Act is posted.

e. Public comment on any agenda item(s): Pursuant to the Open Meetings Act, the LARM Board Chair reserves the right to limit comments on agenda items. In accordance with the Open Meetings Act, there is no time limit on comments made by members of the LARM Board of Directors.

f. Pledge of Allegiance to the Flag of the United States of America.

2. Consider a motion to approve the minutes of the May 22, 2024, meeting of the LARM Board of Directors.

See pages 1-5

3. Consider a motion to accept the quarterly update on LARM investments.

See pages 6-49

· *Michael Maloney, Senior Portfolio Manager, US Bank*

4. Consider a motion to accept the quarterly update on LARM financials.

See pages 50-70

· *Mark Weaver, Vice-President, Finance, Sedgwick*

5. Consider a motion to approve the reinsurance update and place the following coverages: a) Primary Property Program, Effective 10-1-24; b) Excess Workers' Compensation, Effective 10-1-24; c) Excess Liability, Effective 10-1-24.

See pages 71-81

· *Justin Swarbrick, Senior Vice President, Alliant Insurance Services, Inc.*

· *Mark Weaver, Vice-President, Finance, Sedgwick*

· *Andrew Finn, Sedgwick*

6. Consider a motion to approve LARM's Proposed Budget for FY 2024-25.
See pages 82-86
· *Mark Weaver, Vice-President, Finance, Sedgwick*
· *Dave Bos, Executive Director, LARM*
· *Lynn Rex, Administrator, LARM*

7. Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.
· *John Baum, Litigation Claims Manager, Sedgwick*

8. Discuss the date for the next meeting of the LARM Board of Directors. The Annual Members' Meeting of LARM will be held October 2, 2024 at 11:00 am CT/10:00 am MT at the Cornhusker Marriott Hotel in Lincoln.
· *Lynn Rex, Administrator, LARM*
· *Dave Bos, Executive Director, LARM*

9. Consider a motion to adjourn.

MINUTES

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Wednesday, May 22, 2024, 11:00 a.m. CT/10:00 a.m. MT
Cornhusker Marriott Hotel-Lancaster Ballroom, 5 and 6
333 S 13th Street, Lincoln NE

A Meeting of the League Association of Risk Management (LARM) Board of Directors was held May 22, 2024, at 11:00 a.m. CT /10:00 a.m. MT. in the Lancaster Ballroom, 5 and 6 at the Cornhusker Marriott Hotel at 333 S 13th Street in Lincoln, Nebraska.

(AGENDA ITEM #1) **Call meeting to order.** At 11:00 a.m. CT**, LARM Board Chair Mayor Joey Spellerberg**, City of Fremont, called the meeting to order.

The roll call was read with the following voting Board Members present: **Connie Jo Beck,** Clerk/Deputy Treasurer, City of St. Paul; **Raquel Felzien,** Clerk/Treasurer, City of Franklin; **Mayor Don Groesser,** City of Ralston; **Pat Heath,** Administrator, City of Gering; **Mayor Josh Moenning,** City of Norfolk; **Tom Ourada,** Administrator, City of Crete; **Chris Rector,** Administrator, City of Holdrege; **Sandra Schendt,** Clerk/Treasurer, City of Nelson; **Mayor Joey Spellerberg,** City of Fremont; **Mayor Deb VanMatre,** City of Gibbon. Ex-officio (non-voting) Board Member **L. Lynn Rex,** Executive Director of the League of Nebraska Municipalities, and Administrator of LARM was also present.

It was noted that Board Members: **Mayor James Bulkley,** City of Columbus and **Dana Klabenes,** Clerk/Treasurer, City of Neligh were present via Zoom but were unable to vote so they were therefore counted as absent in the roll call.

At the time of roll call: 5 were absent: **Pam Buethe,** Board Member, Sarpy County SID #29; **Mayor James Bulkley,** City of Columbus; **Layne Groseth,** Administrator/Utilities Director, City of North Platte; **Gwenda Horky,** Clerk/Treasurer, City of Sargent and **Dana Klabenes,** Clerk/Treasurer, City of Neligh.

Other participants included: **Cline Williams Law Firm** –Trent Sidders; **Sedgwick (LARM's third party administrator)** – Chris Cadwell; **Alliant Insurance Services-** Justin Swarbrick; **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Drew Cook, Ethan Nguyen, Fred Wiebelhaus, Kyla Brockevelt, James Kelley, John Hobbs, Steve Hecker, Clint Simmons, and Nate Fox; **League of Nebraska Municipalities** – Shirley Riley; (Via Zoom): **US Bank**- Michael Maloney; **Sedgwick-** Kathy Manuel, Mark Weaver and Becky Atkinson.

Chair Spellerberg indicated that on May 15, 2024, a notice of the meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of the meeting with the agenda and other materials also was made available for public inspection at 206 South 13th Suite 800, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org.

Chair Spellerberg stated in accordance with Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed was available to the public at this meeting for examination. The Open Meetings Act was posted in the meeting room and was accessible to members of the public. Chair Mayor Joey Spellerberg informed the public about the location of the Open Meetings Act posted in the meeting room and stated that the LARM Board may pass motions to go into closed session on any agenda item pursuant to the requirements of the Open Meetings Act.

The Pledge of Allegiance to the Flag of the United States of America was recited.

(AGENDA ITEM #2) **Consider a motion to approve the minutes of the February 27, 2024, Meeting of the LARM Board of Directors.** Chair Spellerberg asked if there was any discussion; there was none. Mayor Josh Moenning moved, seconded by Tom Ourada, to approve the minutes of the February 27, 2024, Meeting of the LARM Board of Directors. Roll call vote. Ayes: Beck, Felzien, Groesser, Heath, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Bulkley, Groseth, Horky and Klabenes. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 5 absent.***

(AGENDA ITEM #3) **Consider a motion to accept the quarterly update on LARM investments.** *(Presented by Michael Maloney, Senior Portfolio Manager, US Bank)* Chair Spellerberg asked if there was any discussion. There was none. Mayor Don Groesser moved, seconded by Mayor Deb VanMatre, to accept the quarterly update on LARM investments. Roll call vote. Aye: Beck, Felzien, Groesser, Heath, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Bulkley, Groseth, Horky and Klabenes. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 5 absent.***

(AGENDA ITEM #4) **Consider a motion to accept the quarterly update on LARM financials.** *(Presented by Mark Weaver, Vice President Finance, Sedgwick)* Chair Spellerberg asked if there was any discussion. There was none. Connie Jo Beck moved, seconded by Sandra Schendt, to accept the quarterly update on LARM financials. Roll call vote. Ayes: Beck, Felzien, Groesser, Heath, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Bulkley, Groseth, Horky and Klabenes. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 5 absent.***

(AGENDA ITEM #5) **Consider a motion to accept the reinsurance renewal update and to set rates to achieve the overall funding targets for Property, General Liability, and Workers' Compensation as presented.** *(Presented by Justin Swarbrick, Senior Vice-President, Aliant Insurance Services. Inc., Mark Weaver, Vice President Finance, Sedgwick and Chris Cadwell, Director of Pool Administration, Sedgwick)* Chair Spellerberg asked if there was any discussion. There was none. Mayor Josh Moenning moved, seconded by Mayor Deb VanMatre to accept the reinsurance renewal update and to set rates to achieve the overall funding targets for Property, General Liability, and Workers' Compensation as presented. Roll call vote. Ayes: Beck, Felzien, Groesser, Heath, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Bulkley, Groseth, Horky and Klabenes. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 5 absent.***

(AGENDA ITEM #6) **Consider a motion to authorize Sedgwick, on behalf of LARM, to bind the following reinsurance coverages: a) All Risk Property, effective 07-01-24; b) Cyber Liability, effective 07-01-24; c) Pollution Liability, effective 07-01-24; and d) Deadly Weapon Response Program, effective 07-01-24.** *(Presented by Chris Cadwell, Director of Pool Administration, Sedgwick and Mark Weaver, Vice President Finance, Sedgwick)* Chair Spellerberg asked if there was any discussion. There was none. Sandra Schendt moved, seconded by Mayor Don Groesser, to authorize Sedgwick, on behalf of LARM, to bind the following reinsurance coverages: a) All Risk Property, effective 07-01-24; b) Cyber Liability, effective 07-01-24; c) Pollution Liability, effective 07-01-24; and d) Deadly Weapon Response Program, effective 07-01-24. Roll call vote. Ayes: Beck, Felzien, Groesser, Heath, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Bulkley, Groseth, Horky and Klabenes. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 5 absent.***

(AGENDA ITEM #7) **Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.** Chair Spellerberg stated that since there was no new information regarding open LARM claims and litigation, there is no need to go into closed session.

(AGENDA ITEM #8) **Discuss the date for the next meeting of the LARM Board of Directors.** *(Presented by Lynn Rex, Administrator and Dave Bos, Executive Director, LARM). Lynn Rex stated that she and Dave Bos would discuss some possible dates for the next meeting of the LARM Board of Directors.*

(AGENDA ITEM #9) **Consider a motion to adjourn.** At 11:54 a.m. Connie Jo Beck moved, seconded by Mayor Josh Moenning to adjourn. Roll call vote. Ayes: Beck, Felzien, Groesser, Heath, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Bulkley, Groseth, Horky and Klabenes. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 5 absent.***

Approved on:

ATTEST:

____

Kyla Brockevelt
Executive Administrative Assistant
League Association of Risk Management

____

L. Lynn Rex
LARM Administrator
Ex-Officio, Non-Voting, LARM Board Member
Executive Director of the League of Nebraska Municipalities

NOTICE

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The meeting will also be made available by Zoom via Computer, Smart Device or Telephone https://us06web.zoom.us/j/84388813516?pwd=UKLitGazbz4ZjYNi1FY7JUjftdyxFY.1 or via phone at 346-248-7799. The Meeting ID: 843 8881 3516 and the passcode is 359529.

On May 15, 2024, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board.

League Association of Risk Management

September 19, 2024

Investment and insurance products and services including annuities are:
NOT A DEPOSIT ● NOT FDIC INSURED ● MAY LOSE VALUE ● NOT BANK GUARANTEED ● NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Your Team

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Table of Contents

Portfolio Review

Selected Period Performance

Selected Period Performance

	Market Value	1 Month	3 Months	Year to Date (7 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	15,565,829	.69	1.66	2.79	5.33	-.01	.44	.77
Total Portfolio Net of Fees	15,565,829	.68	1.62	2.71	5.20	-.15	.31	.63
Total Fixed Income	10,793,730	.82	1.86	2.50	5.35	-.23	.32	.77
Gov/Agency Bonds	10,546,272	.83	1.87	2.49	5.35	-.24	.31	
BBARC 1-5 Year US Treasury Index		1.51	3.16	2.23	5.39	-.09	1.05	1.26
BBARC 1-3 Year US Treasury Index		1.17	2.47	2.37	5.36	.66	1.28	1.24
Taxable Fixed Other	247,457	.53	1.38	3.00	5.62	.24	.50	
Total Cash and Equivalents	4,772,100	.45	1.34	3.09	5.38	2.96	1.92	1.25
FTSE 1 Month Treasury Bill Index		.46	1.37	3.20	5.57	3.27	2.20	1.56
FTSE 6 Month Treasury Bill Index		.47	1.39	3.27	5.71	3.33	2.34	1.68
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

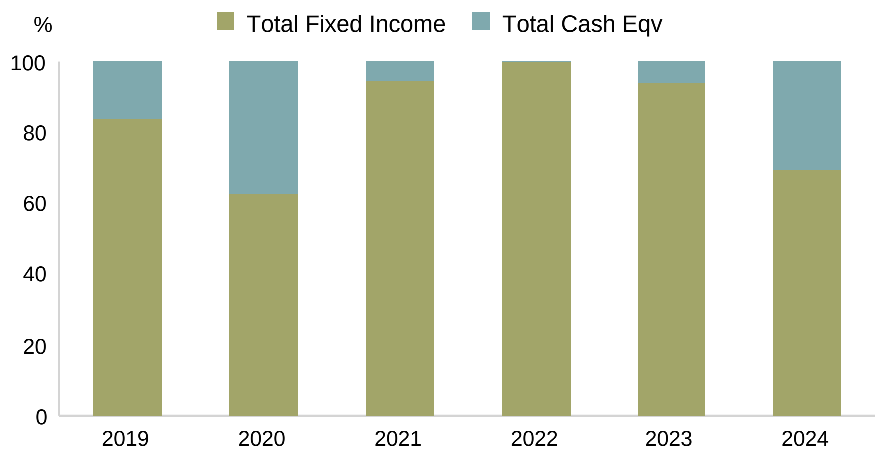
For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

History of Asset Growth Graphs

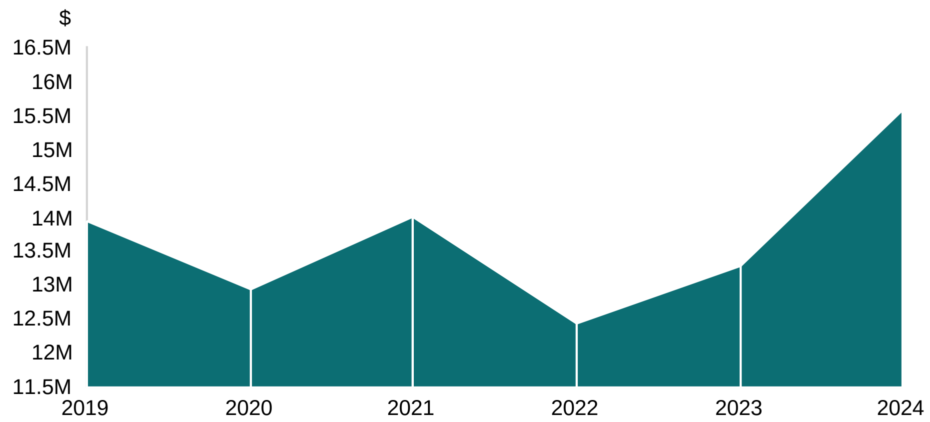
Annual Portfolio Values

	Consolidated	Oct 2018-Sep 2019	Oct 2019-Sep 2020	Oct 2020-Sep 2021	Oct 2021-Sep 2022	Oct 2022-Sep 2023	Oct 2023-Jul 2024
Beginning Portfolio Value	**13,380,140**	**13,380,140**	**13,922,983**	**12,945,684**	**13,999,890**	**12,440,653**	**13,290,957**
Contributions	40,200,025	4,600,000	3,700,000	7,900,000	7,500,000	8,000,025	8,500,000
Withdrawals	-39,021,613	-4,574,303	-4,921,961	-6,822,895	-7,833,096	-7,749,965	-7,119,394
Income Earned	1,261,366	304,987	209,553	87,451	88,038	278,050	293,288
Gain/Loss	-254,089	212,158	35,109	-110,350	-1,314,179	322,194	600,978
Ending Portfolio Value	**15,565,829**	**13,922,983**	**12,945,684**	**13,999,890**	**12,440,653**	**13,290,957**	**15,565,829**
Total Return	**.83**	**3.14**	**1.52**	**-.12**	**-7.28**	**3.17**	**4.90**
Principal	-.47	1.22	-.03	-.73	-7.73	1.56	3.33
Income	1.32	1.92	1.55	.61	.45	1.61	1.57

Allocation Over Time



Ending Market Values Over Time

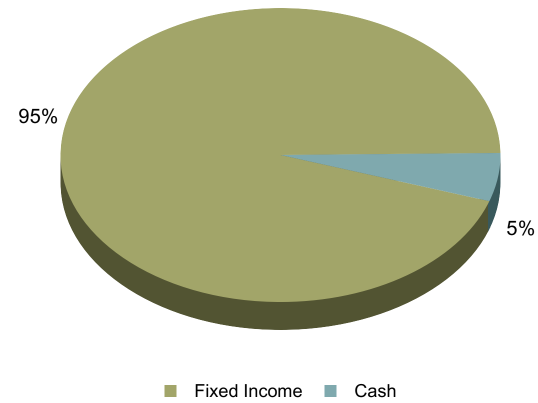


Portfolio Summary

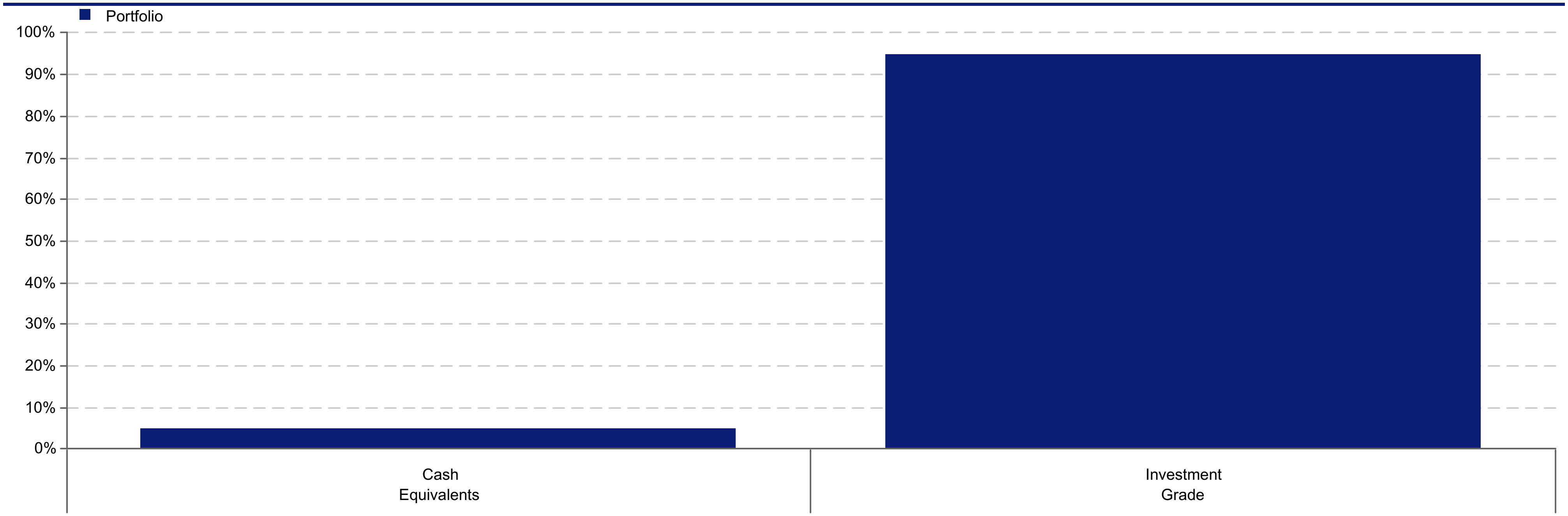
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	$15,542,184
Net Realized Cap Gains YTD	$7,979
Annual Income Projected	$309,539
Current Yield	1.98%
Number of Securities	18
Portfolio Mgr.	Pfmam Sub Adv Michael Maloney

Portfolio Asset Allocation

Fixed Income	$14,752,453	94.92%
Cash	$789,732	5.08%
Invested Total	**$15,542,184**	**100.00%**



Portfolio Model Allocation



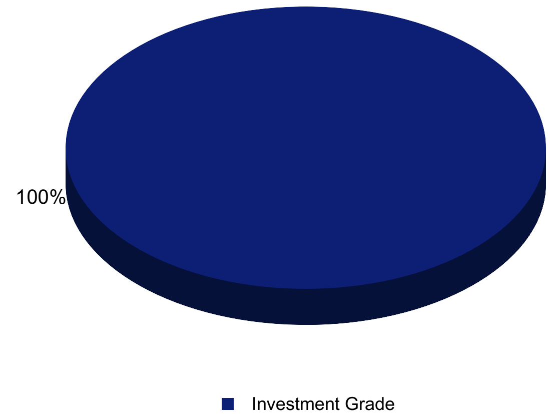
Account: XXXXXXXX9800 | *Holdings Method: Direct* | *Report Date: 07/31/2024*

Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	$14,752,453
Current Yield	1.81%
Annual Income Projected	$268,286
Number of Securities	17
Portfolio Mgr.	Pfmam Sub Adv Michael Maloney

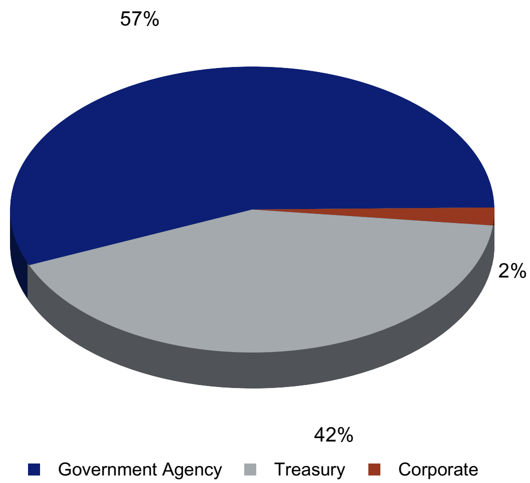
Fixed Income Asset Allocation

Investment Grade	$14,752,453	100.00%

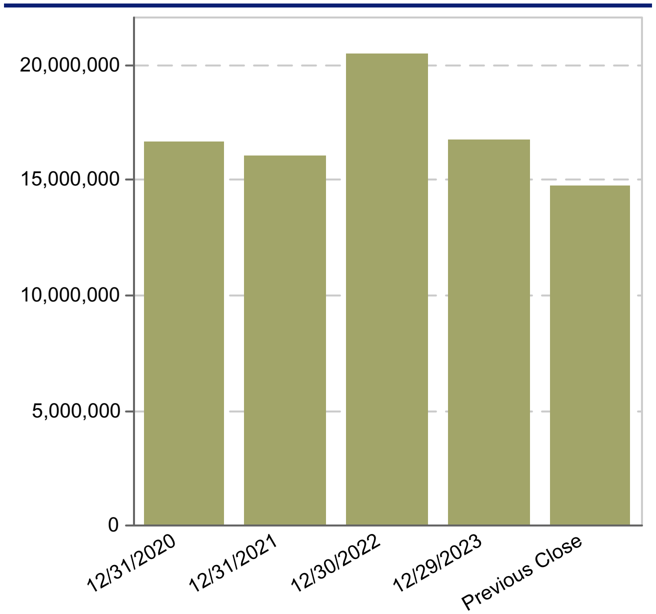


Fixed Income Sector Exposures

Government Agency	$8,372,873	57.00%
Treasury	$6,132,363	42.00%
Corporate	$247,218	2.00%



Fixed Income Market Value

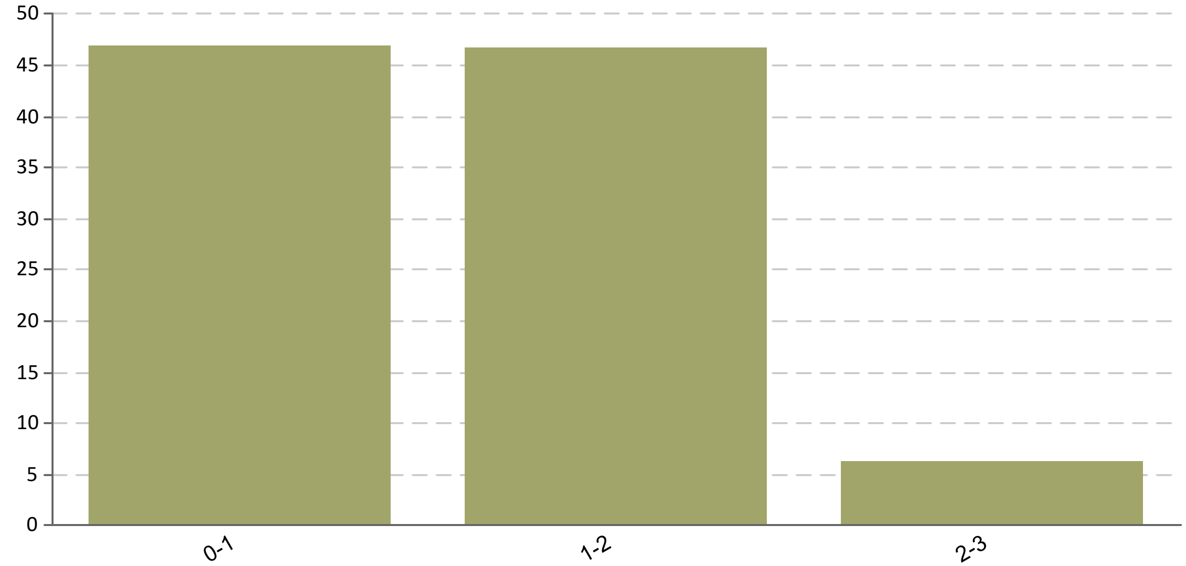


Holdings Date: 7/31/2024

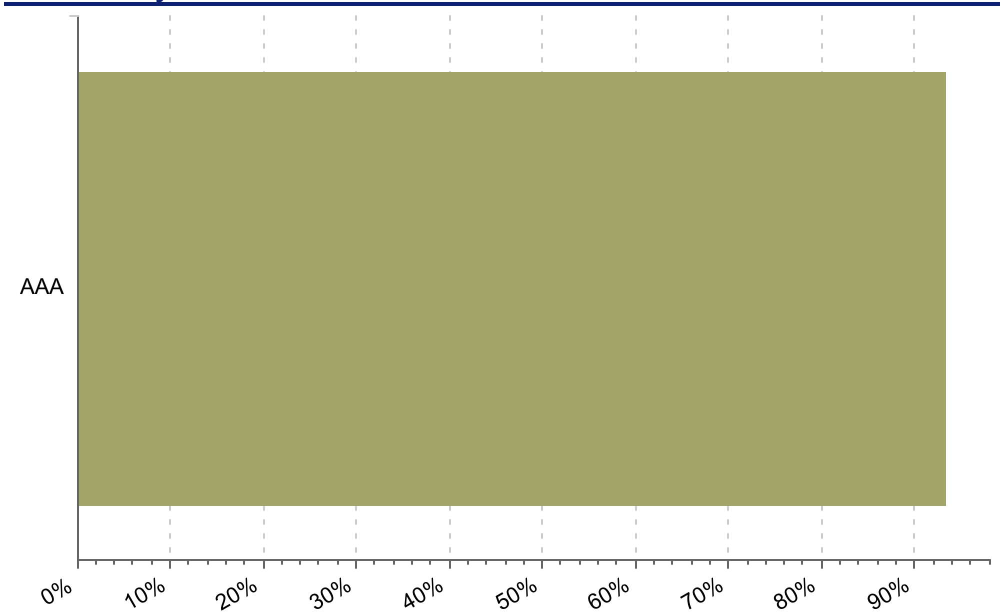
Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	.43	100
Current Yield	1.81	100
Yield to Maturity (%)	4.84	100
Yield to Worst (%)	4.84	100
Effective Maturity	.83	100
Effective Duration	.81	100
Avg. Quality	AAA	94
# of Securities	17	100

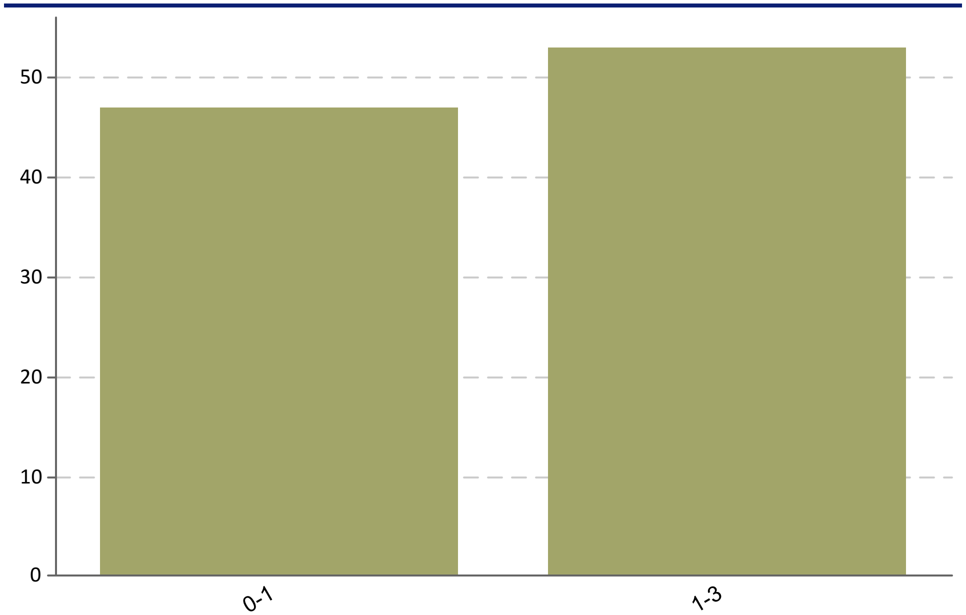
Bond Effective Maturity



Bond Quality Distribution



Bond Duration Distribution



Holdings Date: 7/31/2024

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**15,542,184**	**15,923,084**	**-380,899**	**1.98**	**309,539**
Cash		**5.08**			**789,732**	**789,732**	**0**	**5.22**	**41,253**
Cash Equivalents		**5.08**			**789,732**	**789,732**	**0**	**5.22**	**41,253**
FIRST AM GOVT OB FD CL X	31846V336	5.08	1.00	789,732	789,732	789,732	0	5.22	41,253
Fixed Income		**94.92**			**14,752,453**	**15,133,352**	**-380,899**	**1.81**	**268,286**
Investment Grade		**94.92**			**14,752,453**	**15,133,352**	**-380,899**	**1.81**	**268,286**
Corporate		**1.59**			**247,218**	**249,500**	**-2,283**	**0.35**	**875**
BMW BK NORTH C D 0.350% 10/23/24	05580AXH2	1.59	98.89	250,000	247,218	249,500	-2,283	0.35	875
Government Agency		**53.87**			**8,372,873**	**8,742,890**	**-370,017**	**0.54**	**45,338**
F H L M C M T N 0.420% 9/17/24	3134GWSW7	4.79	99.35	750,000	745,133	750,000	-4,868	0.42	3,150
F H L B DEB 0.375% 2/25/25	3130ALB52	6.27	97.39	1,000,000	973,910	1,000,000	-26,090	0.39	3,750
F F C B DEB 0.550% 8/26/25	3130AJZA0	4.62	95.84	750,000	718,793	749,850	-31,058	0.57	4,125
F N M A 0.600% 8/29/25	3136G4X24	4.62	95.70	750,000	717,765	752,138	-34,373	0.63	4,500
F H L M C M T N 0.375% 9/23/25	3137EAEX3	4.60	95.27	750,000	714,503	746,224	-31,721	0.39	2,813
F N M A M T N 0.580% 10/28/25	3135GA2A8	4.59	95.03	750,000	712,733	749,850	-37,118	0.61	4,350
F N M A 0.500% 11/07/25	3135G06G3	6.11	95.00	1,000,000	949,990	996,440	-46,450	0.53	5,000
F H L B DEB 0.570% 11/25/25	3130AKGD2	4.58	94.99	750,000	712,463	748,500	-36,038	0.60	4,275
F H L M C M T N 0.600% 11/25/25	3134GXCH5	6.10	94.78	1,000,000	947,760	1,000,000	-52,240	0.63	6,000
F N M A 0.650% 12/10/25	3135G06J7	4.57	94.68	750,000	710,070	749,888	-39,818	0.69	4,875
F H L B DEB 0.500% 2/10/26	3130AKW51	3.02	93.95	500,000	469,755	500,000	-30,245	0.53	2,500
Treasury		**39.46**			**6,132,363**	**6,140,962**	**-8,600**	**3.60**	**222,074**
U S TREASURY BILL 8/15/24	912797KB2	12.84	99.79	2,000,000	1,995,900	1,948,282	47,618	4.93	98,602
U S TREASURY BILL 10/10/24	912797KT3	12.74	99.00	2,000,000	1,979,920	1,947,700	32,220	5.14	102,847
U S TREASURY NT 0.750% 11/15/24	91282CDH1	6.35	98.71	1,000,000	987,130	998,086	-10,956	0.76	7,500
U S TREASURY NT 0.750% 4/30/26	91282CBW0	1.51	93.97	250,000	234,923	249,434	-14,511	0.80	1,875
U S TREASURY NT 1.125% 10/31/26	91282CDG3	6.01	93.45	1,000,000	934,490	997,461	-62,971	1.20	11,250

Investment Policy

LEAGUE ASSOCIATION OF RISK MANAGEMENT

INVESTMENT POLICY

I. Purpose. The purpose of this document is to establish the investment policy for the League Association of Risk Management, hereafter called LARM, and to provide guidance to the LARM Board, the Investment Committee, the LARM Administrator, and, if utilized, the Investment Manager or Custodian Bank pertaining to investment objectives and guidelines.

II. Goal. The overall investment goal of LARM is to obtain a high rate of return on its portfolio assets, with a minimal risk, abiding by the appropriate statutes governing the investment of these funds and complying with the responsibility to LARM members.

III. Priority Listing of Objectives.

A. Safety of Principal. Avoidance of financial risk or compromise of the financial integrity of the portfolio.

B. Liquidity. Provide sufficient liquidity for the payment of claims and expenses. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary and resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds which offer same day liquidity for short term funds.

C. Earn a High Rate of Return. Earn the highest rate of return with minimal risk. However, return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

D. Diversification of Assets. Diversify assets by both the industry and the issuer in order to avoid undue exposure by any single industry or issuer.

E. All investments of LARM shall be in compliance with the Nebraska Insurer's Investment Act at all times.

IV. Procedure.

A. LARM Board. The Board shall:

1. Review and approve, at least quarterly, all purchases and disposals of investments.

2. Review, at least quarterly, whether all investments have been made in accordance with the Investment Policy.
3. Authorize the Investment Committee, under the general supervision of the LARM Board Chair, to manage the investments of LARM, either independently or through the utilization of the LARM Administrator or an Investment Manager or Custodian Bank.
4. Review the investment policy on an annual basis.

B. Investment Committee. The Investment Committee shall:
1. Receive and review summary reports on the investment portfolio, investment activities, and investment practices in order to determine whether the investment activity is consistent with the Investment Policy.
2. Provide such summary reports at least quarterly to the LARM Board for their review and approval.
3. Review and recommend revision of the Investment Policy to the LARM Board, as appropriate.
4. Review the Investment Manager or Custodian bank's performance and fees at least every 3 years.

C. LARM Administrator. The LARM Administrator shall:
1. Notify the Investment Committee of matters that bear upon the proper investment of the portfolio including pertinent financial, legal, or other information involving the investment of the portfolio and changes in investment objectives.
2. Meet regularly with the Investment Committee to report on progress of the portfolio.

D. Investment Manager or Custodian Bank. If utilized, the Investment Manager or Custodian Bank shall:
1. Meet regularly with the Investment Committee to report on progress of the portfolio.
2. Provide reports monthly to the Investment Committee.
3. Provide information concerning market trends and investment strategies.

V. Investment Guidelines.

A. Regulatory Limitations. The investment guidelines and restrictions as set forth by the Insurers Investment Act (Nebraska Revised Statutes Section 44-5101 et seq.) shall be adhered to at all times by the Board, the Investment Committee, the LARM Administrator, and any Investment Manager or Custodian Bank utilized by the Investment Committee in exercise of their discretion.

B. Prudence. The standard of prudence to be used for managing LARM's investments is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived."

C. General Strategies.

1. The Investment Committee, or an Investment Manager or Custodial Bank, if utilized, shall determine the appropriate allocation of funds among cash, cash equivalents, and investment grade fixed income securities.

2. Capital gains and losses may be realized when, in the judgment of the Investment Committee or its investment manager or custodian bank, if utilized, consistent with the goals, objectives, and guidelines of this policy, such action is in the best interest of the portfolio and will lead to a greater long-term total rate of return.

3. Securities purchased by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited in general maturity parameters as follows:

   The maximum maturity of any security at date of purchase shall not exceed 60 months. The purchase of a security with a maturity longer than 60 months shall be approved by the LARM Board at the next quarterly meeting. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds to ensure appropriate liquidity is maintained to meet ongoing obligations.

   Securities shall not be sold prior to maturity with the following exceptions:

   A security with declining credit may be sold early to minimize loss of principal.

   Liquidity needs of the portfolio require that the security be sold.

   A security swap that would adjust the portfolio (quality, yield, or duration) in a manner that would allow it to better fulfill the investment objectives.

   Security purchases and sales shall be made, so that at the time of purchase or sale they do not cause, or exacerbate, non-compliance with the LARM portfolio maturity limitations.

4. Investments made by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited according to the following:

Asset Class	Limitation*
Direct obligations of the United States or obligations for which the full faith and credit of the United States is pledged for the payment of all principal and interest	No Limit
Direct obligations of any agency or instrumentality of the United States or obligations for which the full faith and credit of any agency or instrumentality of the United States is pledged for the payment of all principal and interest	25% per issuer
Other investment grade fixed income securities	5% per issuer
Mutual funds investing in the above classes	5% per issuer, not to exceed 25% in total if the fund is only allowed to invest in U.S. government obligations or U.S. agency or instrumentality obligations; and 5% per issuer, not to exceed 10% if invested in other classes.

**Limitations apply to the percentage of admitted assets as shown by the most recent financial statement filed with the Nebraska Department of Insurance.*

VI. Standard of Performance. Consideration shall be given to the extent to which the investment results are consistent with the goals and objectives as set forth in this policy.

Revised 3-23-2007; 12-16-2009; 3-1-2011; 2-26-2018

Market Review

Provided by Sub-Advisor - PFM Asset Management LLC

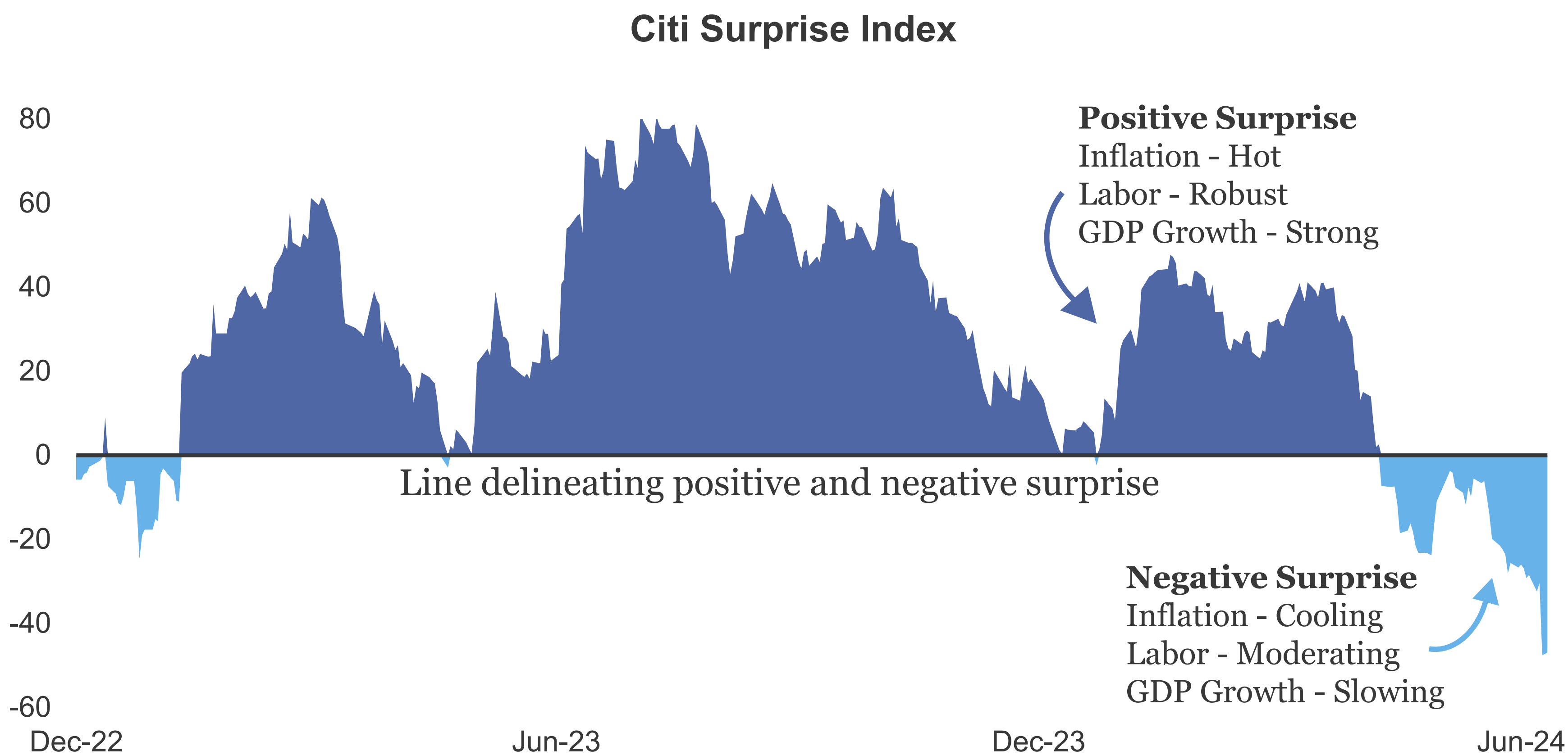
Current Market Themes

- The U.S. economy is characterized by:
  - Moderating economic growth following two quarters of exceptional strength
  - Recent inflation prints resuming the path towards the Federal Reserve (Fed)'s 2% target
  - Labor markets continuing to show strength while unemployment has ticked up modestly
  - Resilient consumer spending supported by wage growth that is outpacing inflation
- Federal Reserve pushes out rate cuts
  - Fed revises expectations from 3 rate cuts in 2024 to 1 by year end following a lack of progress in the fight against inflation
  - Market continues to expect 1 or 2 rate cuts in 2024
  - Fed officials note that the risks to its "dual mandate" of stable inflation and maximum employment are becoming more balanced
- Treasury yields increase in response to economic data over the quarter
  - Yields on maturities between 2 and 10 years rose 13-20 basis points during the quarter
  - The yield curve has now been inverted for 24 months, the longest period in history
  - Spreads across most sectors remain near multi-year tights and represent market expectations for a soft landing

Recent Economic Data Points to Moderation

The Citi Surprise Index measures various economic readings relative to market expectations.

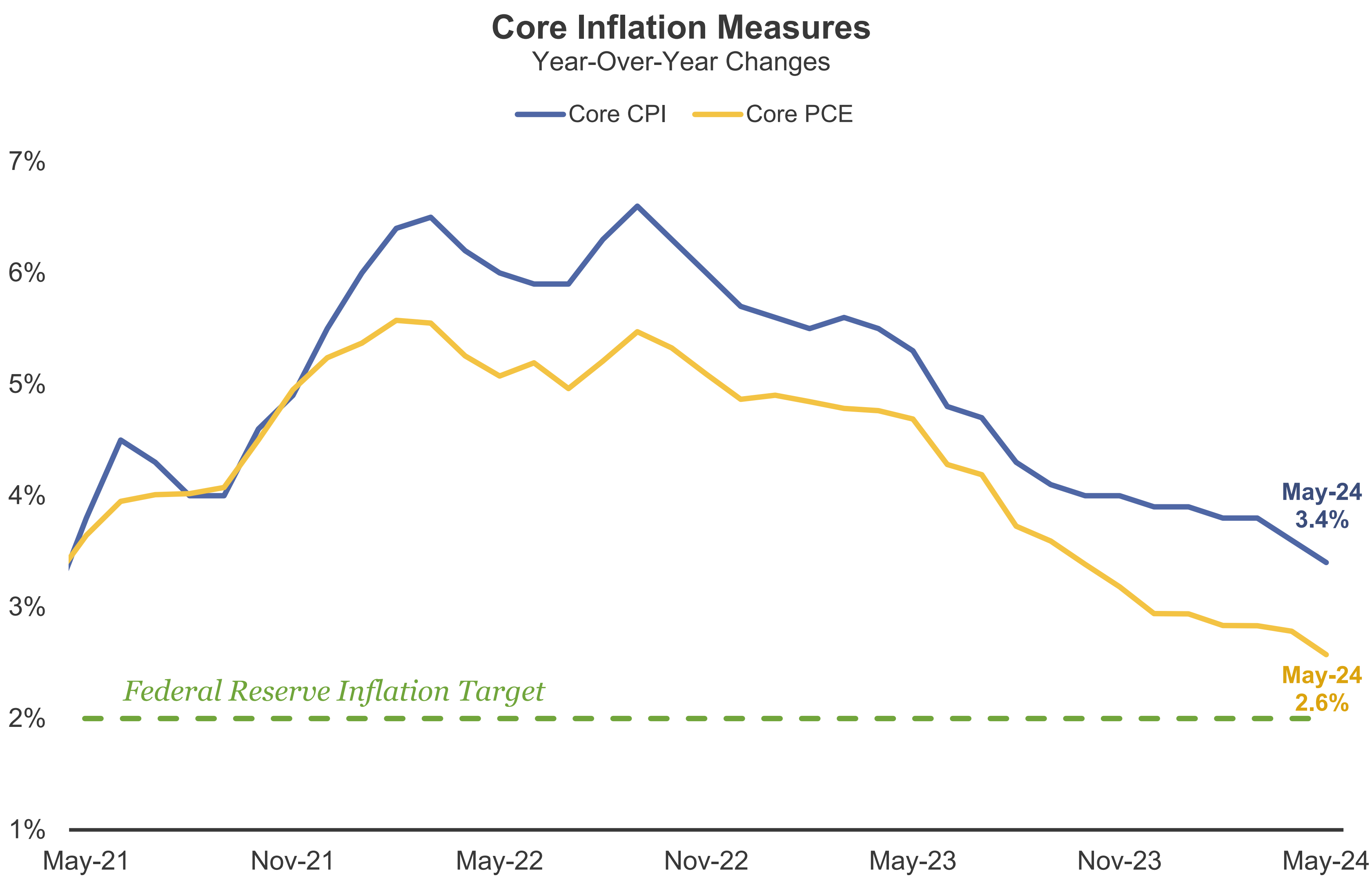
- **A positive reading** means that data releases have been **greater than market expectations**
- **A negative reading** means that data releases have been **less than expected**



Source: Bloomberg, as of 7/5/2024.

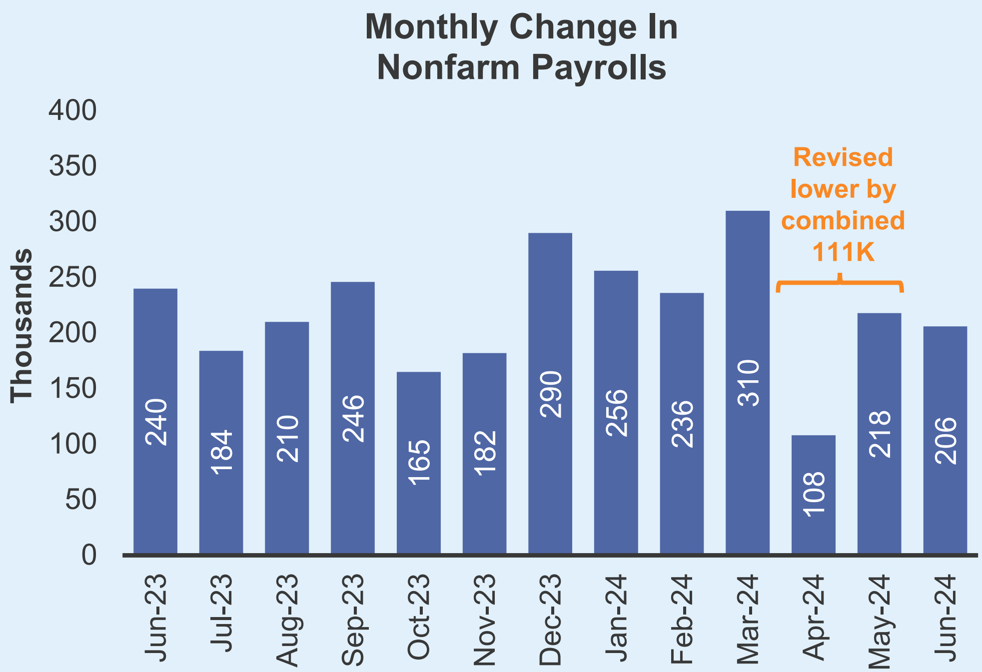
Fed's Preferred Inflation Measure Shows Progress

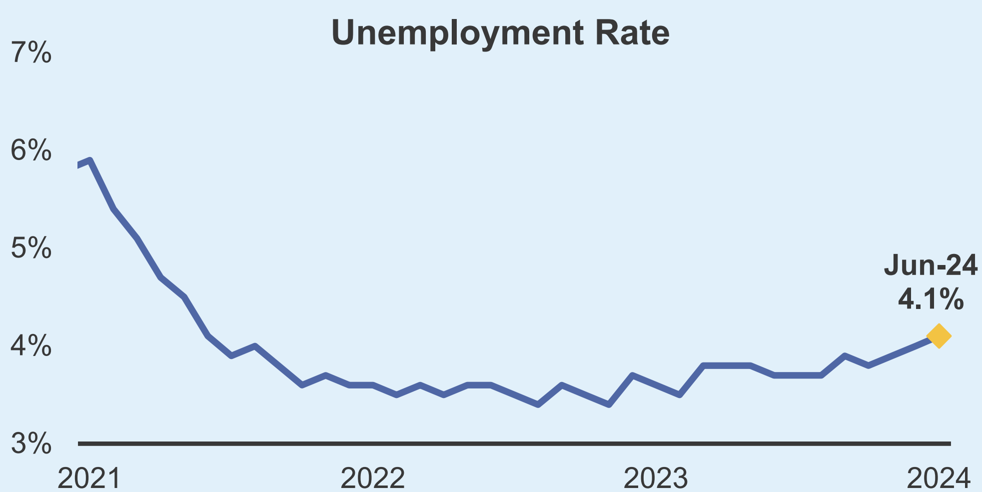
Core CPI and PCE strips out the volatile food and energy components.

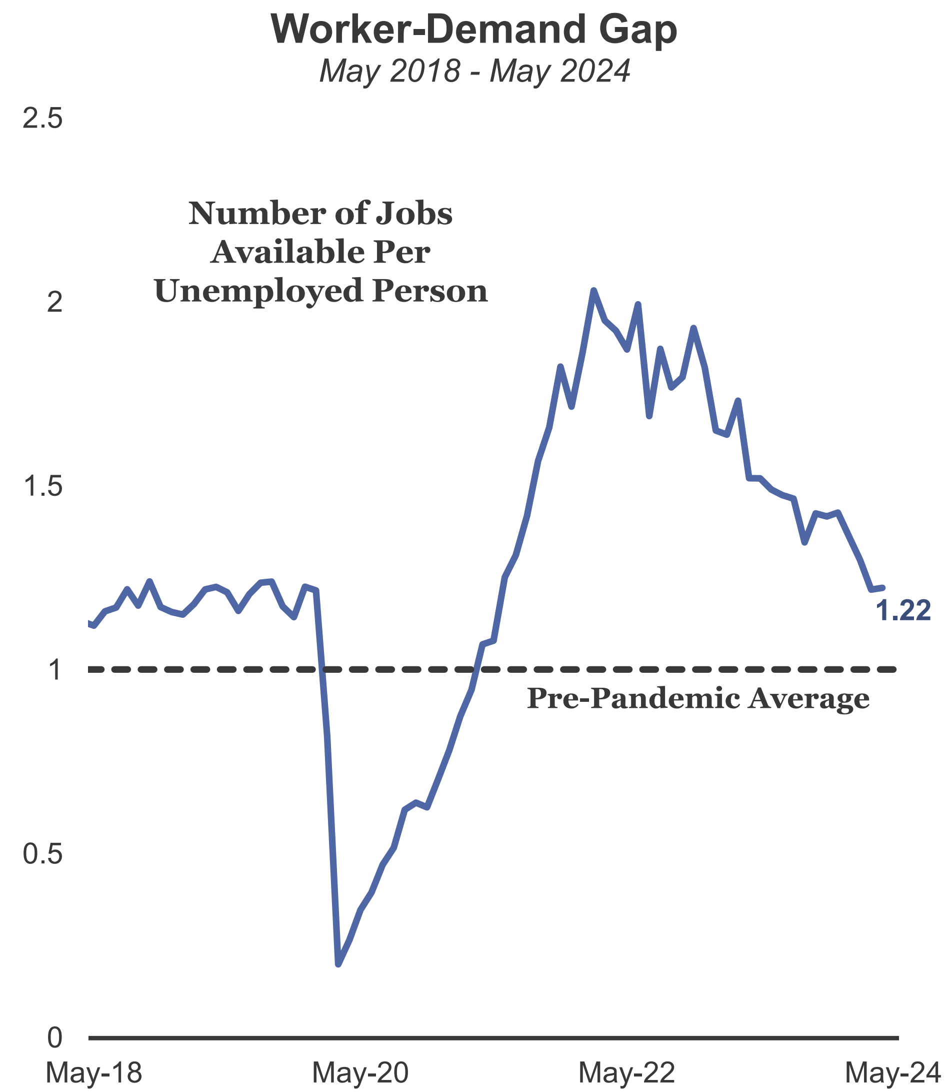


Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Bloomberg. As of May 2024.

Labor Market Moves Into Better Balance





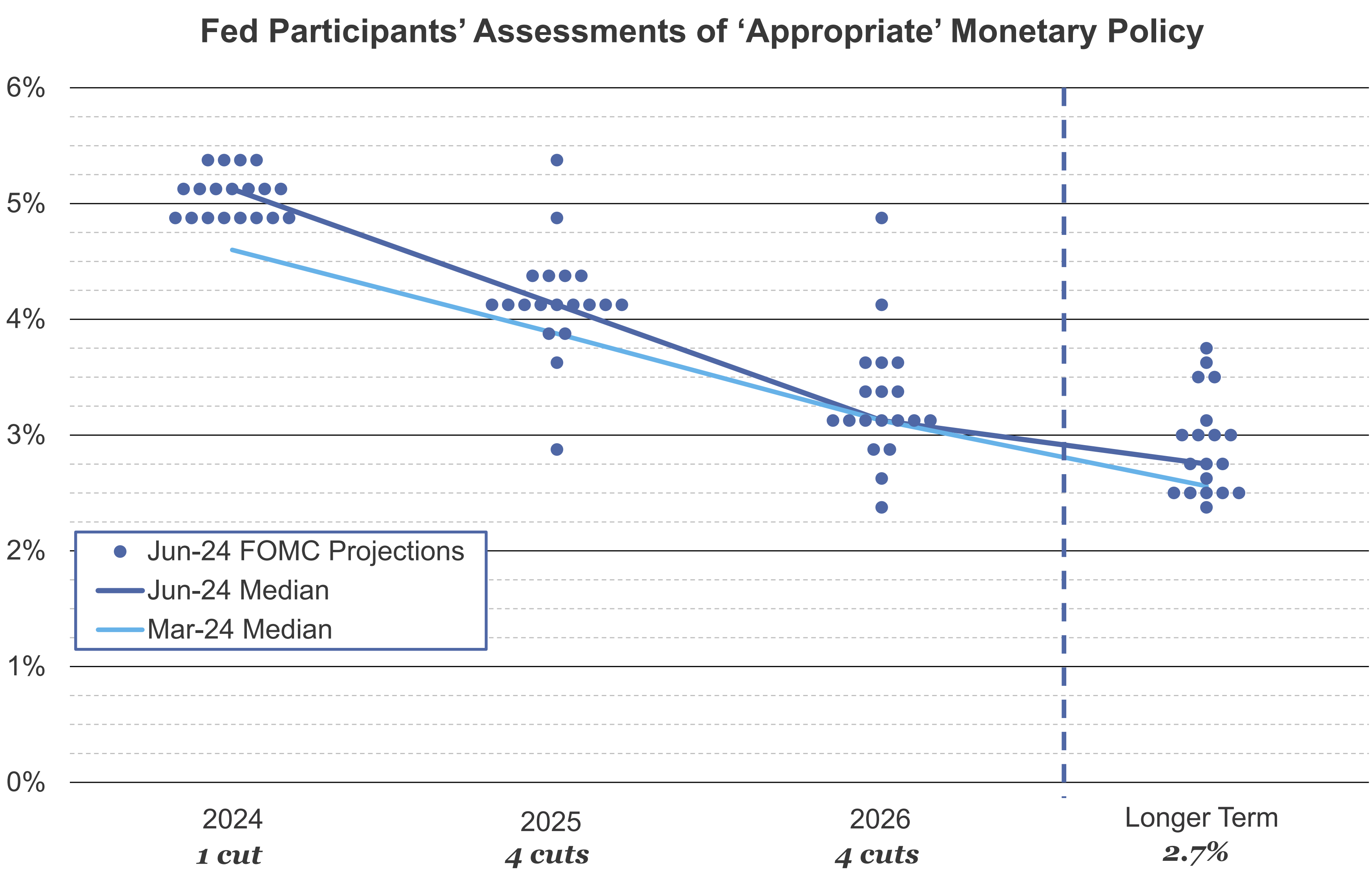


Source: Bloomberg, Bureau of Labor Statistics. Monthly change in nonfarm payrolls and unemployment rate as of June 2024. Data is seasonally adjusted (left). Worker demand gap as of May 2024. Pre-pandemic average from February 2016 – February 2020 (right).

Economic Incentive to Switch Jobs is Declining

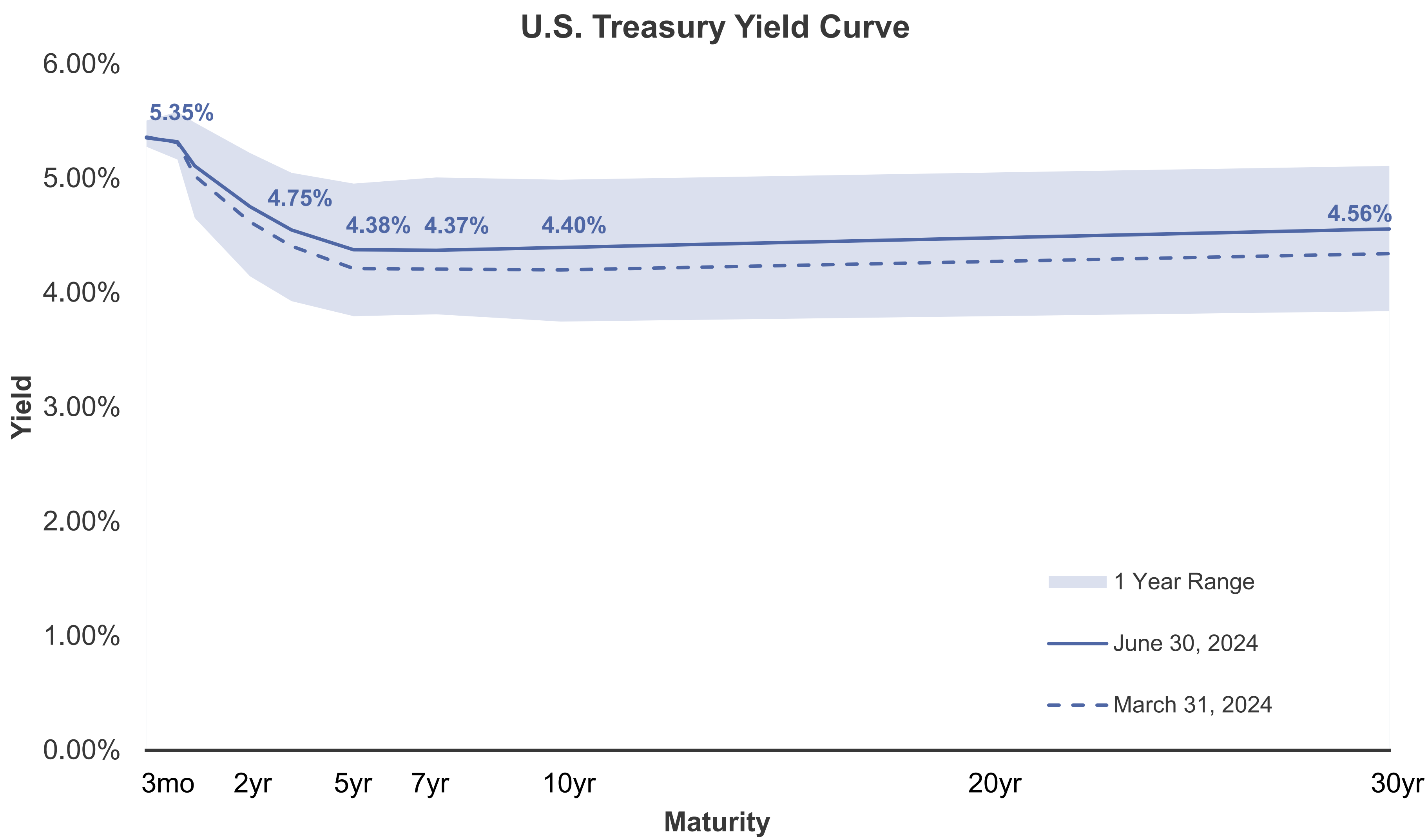
Source: Bloomberg, Federal Reserve Bank of Atlanta as of March 2024.

The Fed's Latest "Dot Plot" Shows Only One Rate Cut In 2024



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

Treasury Yields Move Higher as Market Evolves to Revised Fed Expectations



Source: Bloomberg, as of 6/30/2024.

Fixed-Income Sector Commentary – 2Q 2024

- **U.S. Treasury** yields once again rose over the quarter, reflecting the market adjusting to delayed rate cut expectations, but remained largely range-bound following the June Fed meeting. Despite higher yields, U.S. Treasury indexes less than 10 years posted positive returns as higher income more than offset the negative price effects.
- **Federal Agency** spreads remained in a narrow, tight range over the quarter driven by limited supply. Limited value, tight spreads, and normalized liquidity are likely to remain features of this sector absent an unexpected increase in new issuance. Callables, specifically, longer lockout structures with limited call options, can add value selectively in government-only accounts.
- **Supranational** spreads tightened on maturities on the short end of the curve, bringing the entire supranational yield curve into rich valuations.
- **Investment-Grade (IG) Corporates** continued to perform exceedingly well for the majority of the quarter, as strong performance in April and May offset modest weakness in June. Lower rated issuers and longer-duration securities performed best. Given strong trailing performance and spreads near their two-year tights, selective trimming in favor of increased portfolio liquidity or new issues offered at attractive concessions remains appropriate.
- **Asset-Backed Securities** continued to generate strong returns, as spreads in the sector flatlined in a tight range near their multi-year lows for most of Q2. Despite modest weakening in market confidence of consumer fundamentals and moderating personal consumption, new issuance remained well-digested by investors.
- **Mortgage-Backed Securities** ended the quarter with flat excess returns as a selloff in the 30-year U.S. Treasury over the final week of Q2 erased the strong performance of MBS in May and June. Several new issue opportunities in agency commercial mortgage-backed securities offered selective new buying opportunities.
- **Short-term credit** (commercial paper and negotiable bank CDs) yield spreads continue to tighten closer to similar maturity USTs. However, the sector can selectively provide value with incremental yields ranging 20 to 25 basis point in 9- to 12-month maturities.

Factors to Consider for 6-12 Months

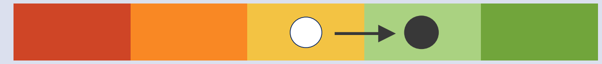
Monetary Policy (Global):

- The Fed remains data dependent. Recent Fed guidance has been revised from three rate cuts to one rate cut in 2024. Markets currently expect one or two cuts.
- Globally, major central banks have begun easing cycle with rate cuts leading to divergence from Fed policy.

Economic Growth (Global):

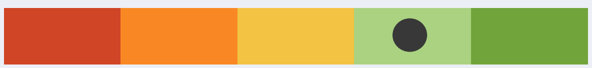
- U.S. economic growth remains resilient but there has been some softness recently as consumer spending tapers.
- Economic growth outside U.S. remain mixed with slower but improved growth projected in Eurozone and continued growth projected in emerging markets.

Inflation (U.S.):



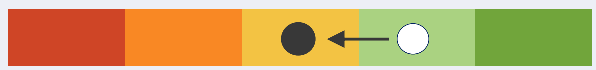
- The latest inflation reading has revived market confidence that inflation is heading in the right direction after experiencing broad disinflation across both goods and services.
- Despite the progress on inflation, policymakers would like more data to confirm the downward trend.

Financial Conditions (U.S.):



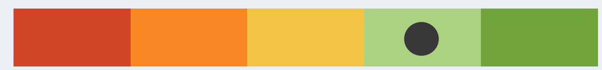
- Market measures, such as narrow corporate yield spreads, record equity index levels and low volatility, reflect economic confidence.
- With interest rates elevated and the gradual normalization of labor markets and the consumer, we continue to focus on identifying potential catalysts for a broader slow down.

Consumer Spending (U.S.):



- The consumer has begun to exercise caution and limit spending, which has shed light on a notable downshift over recent months.
- Moderation in the pace of overall spending is expected to continue given persistent inflation, reduced/lower savings, and a cooling job market.

Labor Markets:



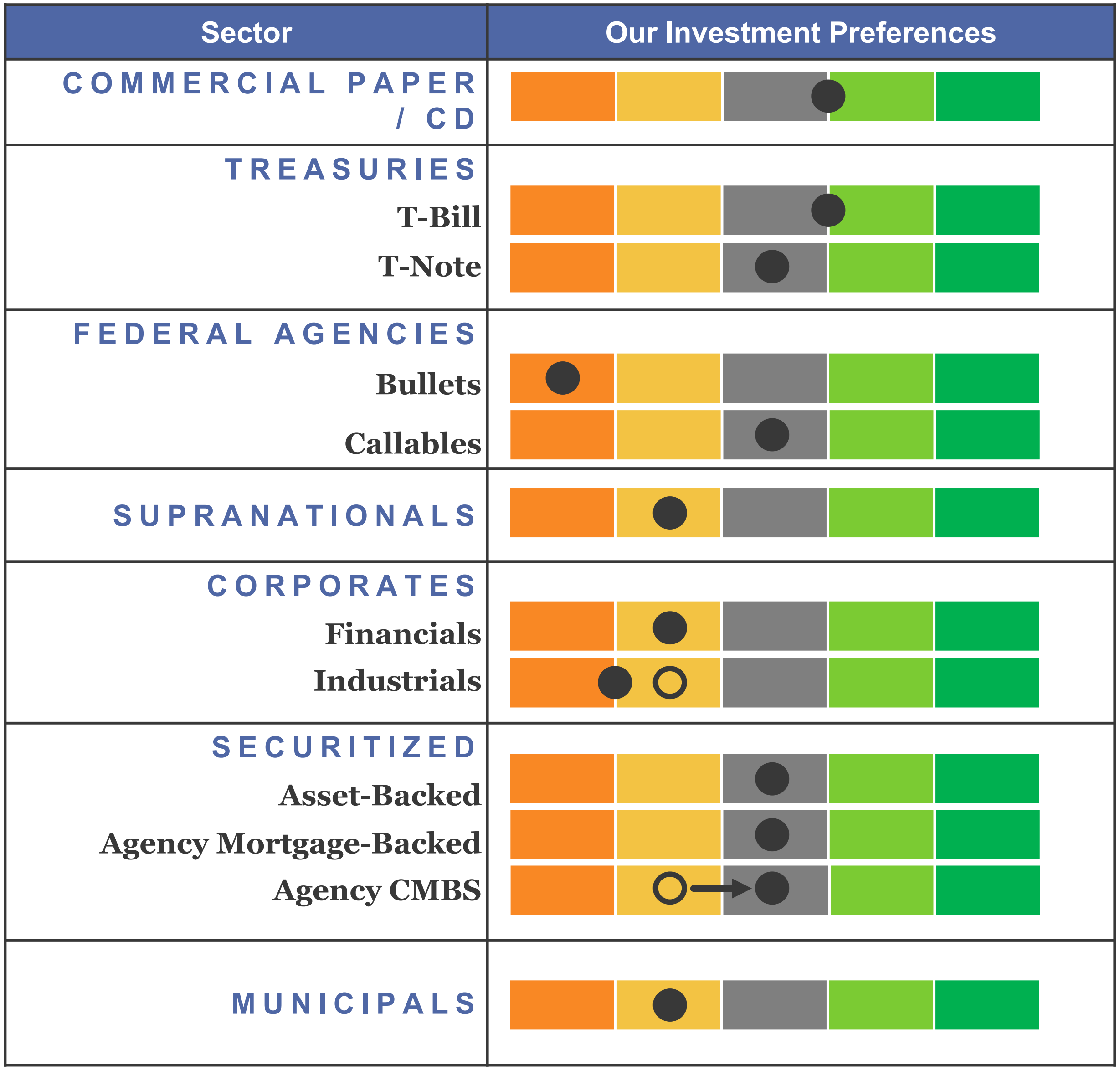
- The labor market normalization has begun. After the pandemic-led jolt, the labor force participation rate and non-farm payrolls have moved to be in line with long-term averages.
- With the quits rate and excess demand for workers reaching a better balance, this should help cool wage pressures and inflation.

● **Current outlook** ○ **Outlook one quarter ago**

Stance Unfavorable to Risk Assets | Negative | Slightly Negative | Neutral | Slightly Positive | Positive | **Stance Favorable to Risk Assets**

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (6/30/2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.

Fixed-Income Sector Outlook – 3Q 2024



● *Current outlook* ○ *Outlook one quarter ago*

Negative	Slightly Negative	Neutral	Slightly Positive	Positive

Monthly Market Review

Fixed Income | August 2024

pfm asset management

Month-over-Month Moderation More than Meaningful

Economic Highlights

► At the July Federal Open Market Committee (FOMC) meeting, the Federal Reserve (Fed) left the federal funds target rate unchanged at 5.25% to 5.50%, which was in line with expectations. However, the Committee's accompanying statement highlighted a transition to a more balanced consideration of both parts of its dual mandate of maximum employment and price stability. Furthermore, Fed Chair Powell hinted that a rate cut could be on the table at the September meeting.

► June inflation readings continued to make gradual progress towards the Fed's 2% target. Both the year-over-year change in the Consumer Price Index (CPI) and Personal Consumption Expenditures Index (PCE) slowed to 3.0% and 2.5%, respectively. The improved inflation picture was highlighted by Chair Powell at the latest FOMC meeting. He noted that recent readings have added to the Fed's confidence that inflation is moving sustainably towards 2%.

► The advance reading of second quarter gross domestic product (GDP) came in notably above expectations at 2.8%. Growth was largely supported by personal consumption following a rebound in goods spending and nonresidential fixed investment led by equipment spending. Inventory growth also added about 0.8% but that tends to be reversed in future quarters.

► June retail sales were negatively impacted by a two-week cyber-attack on auto dealership software that muted sales activity. However, expectations are for a rebound next month, with sales delayed rather than derailed. More broadly, retail sales (ex-autos) were strong, led by a 1.9% increase in non-store retailers.

► The July jobs report missed expectations badly. Nonfarm payrolls showed just 114,000 net new jobs versus estimates of 175,000. The unemployment rate also ticked higher to 4.3% underscoring continuing moderation of the labor market from historically tight levels. Combined with other weakening measures of employment, such as a rise in weekly jobless claims, the market response was swift and decidedly downbeat. Immediately after the report, stocks went into a two-day tailspin and bond yields plunged.

Bond Markets

► U.S. Treasury yields between 2- and 10-years finished July down approximately 35 to 50 basis points (bps) as markets digested broad economic cooling and prepared for the beginning of the Fed rate cut cycle.

► Yields on benchmark 2-, 5-, and 10-year U.S. Treasuries ended the month at 4.26%, 3.91%, and 4.03%, respectively, representing changes of -50, -47, and -37 bps for the month, respectively.

► Fixed income total returns were firmly positive on the notable rate rally in July. The ICE BofA 2-, 5-, and 10-year U.S. Treasury indices returned 1.15%, 2.16%, and 2.88%, respectively.

► *Time of writing update: U.S. Treasury yields rallied significantly in response to the August 2 labor market report as markets fully priced multiple rate cuts through the balance of 2024. As of August 6, the 2-year U.S. Treasury stood at 4.01%.*

Equity Markets

► Equity markets reflected the recent sentiment shift on increased uncertainty around the pace of Fed cuts as the S&P 500 Index declined over 8% from the mid-July all-time highs through the first three days of August. Nevertheless, the headline index remained up nearly 10% for the year.

► Technology sectors were hit even worse, with the NASDAQ falling 12.5% from its highs and now trailing the broader S&P 500 for the year.

► International equities (as measured by MSCI ACWI ex-U.S. Net Index) fell by a similar amount and trail U.S. equities by a wide margin in 2024.

PFMAM Strategy Recap

► While the pace and magnitude of future Fed cuts is even more uncertain following the July labor report, we have held the view for some time that rates have peaked and Fed rate cuts are coming before the end of the year. Given that view, we have held portfolio durations near 100% of benchmarks for several months.

► Spreads on federal agencies and supranationals remain near multi-year tights. Issuance is expected to remain quiet going into the summer, and we expect further reductions in allocations in favor of other sectors.

► Investment-grade (IG) corporate bonds grinded out a modestly positive excess return relative to U.S. Treasuries in July as income in the sector more than offset slight spread widening. Yield spreads remain on the tighter side through July and valuations appear expensive, but demand has been robust. As a result, we plan to continue to trim on the margins while taking advantage of attractively priced new issues.

► Asset-backed securities (ABS) generated flat excess returns for the month. Issuance has been strong, but expectations are for new deals to taper off as the election and year-end approach. We will likely maintain allocations while allowing principal paydowns to provide modest reinvestment opportunities.

► Mortgage-backed securities (MBS) and agency-backed commercial MBS (CMBS) were one of the best performing high-quality IG sectors in July. Spreads in many corners of the mortgage-related market narrowed in July and approached 12-month narrows. Lower rates are a net positive for the MBS sector.

U.S. Treasury Yields

Maturity	Jul 31, 2023	Jun 30, 2024	Jul 31, 2024	Monthly Change
3-Month	5.42%	5.36%	5.29%	-0.07%
6-Month	5.47%	5.33%	5.09%	-0.24%
2-Year	4.88%	4.76%	4.26%	-0.50%
5-Year	4.18%	4.38%	3.91%	-0.47%
10-Year	3.96%	4.40%	4.03%	-0.37%
30-Year	4.01%	4.56%	4.30%	-0.26%

Yields by Sector and Maturity

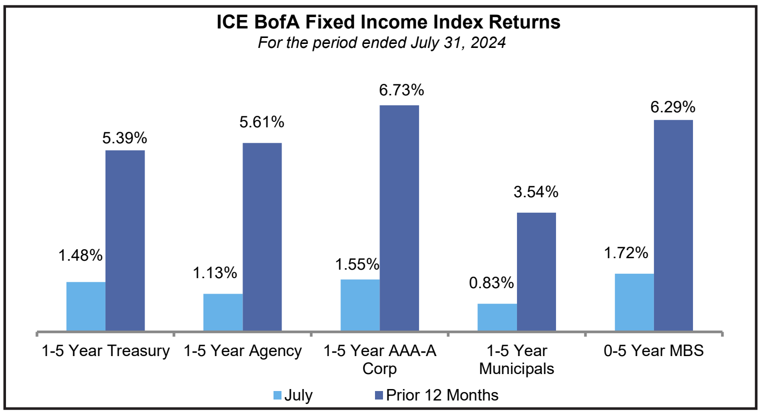
Maturity	U.S. Treasury	Federal Agency	Corporates- AA-A Industrials	AAA Municipals
3-Month	5.29%	5.30%	5.28%	-
6-Month	5.09%	5.09%	5.28%	-
2-Year	4.26%	4.27%	4.72%	2.87%
5-Year	3.91%	3.92%	4.57%	2.68%
10-Year	4.03%	4.09%	4.85%	2.67%
30-Year	4.30%	-	5.37%	3.58%

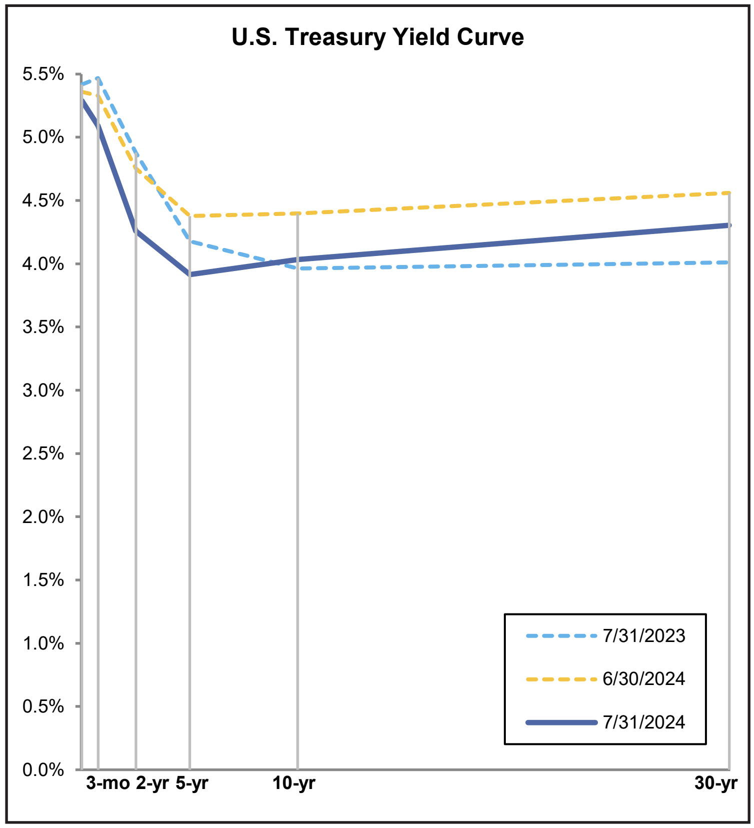
Spot Prices and Benchmark Rates

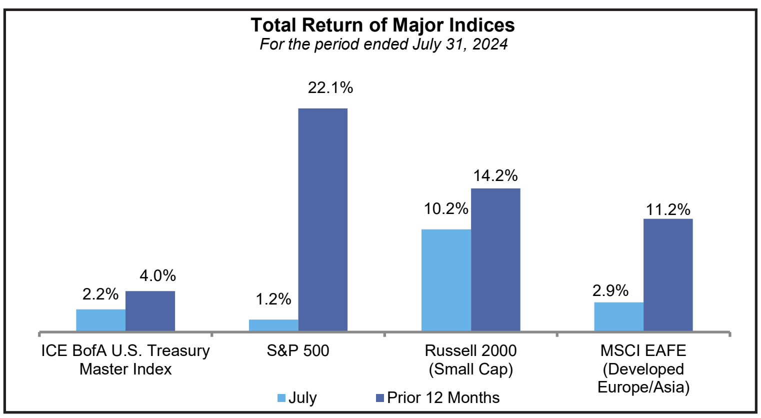
Index	Jul 31, 2023	Jun 30, 2024	Jul 31, 2024	Monthly Change
1-Month LIBOR	5.43%	5.45%	5.46%	0.01%
3-Month LIBOR	5.63%	5.59%	5.50%	-0.09%
Effective Fed Funds Rate	5.33%	5.33%	5.33%	0.00%
Fed Funds Target Rate	5.50%	5.50%	5.50%	0.00%
Gold ($/oz)	$1,971	$2,340	$2,427	$87
Crude Oil ($/Barrel)	$81.80	$81.54	$77.91	-$3.63
U.S. Dollars per Euro	$1.10	$1.07	$1.08	$0.01

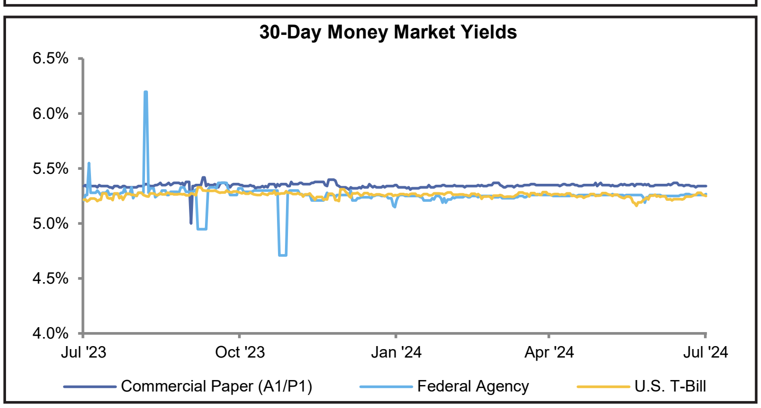
Economic Indicators

Indicator	Release Date	Period	Actual	"Survey (Median)"
CPI YoY	11-Jul	Jun	3.00%	3.10%
Retail Sales Advance MoM	16-Jul	Jun	0.00%	-0.30%
Existing Home Sales MoM	23-Jul	Jun	-5.40%	-3.20%
GDP Annualized QoQ	25-Jul	2Q A	2.80%	2.00%
U. of Mich. Consumer Sentiment	26-Jul	Jul F	66.4	66.5
PCE YoY	26-Jul	Jun	2.50%	2.50%
FOMC Rate Decision	31-Jul	July	5.50%	5.50%









Source: Bloomberg. Data as of July 31, 2024, unless otherwise noted.

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Important disclosures, definitions of terms and index descriptions

If you have questions regarding this information or wish to receive definitions of any additional terms or indexes used in this report, please contact a team member.

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Important disclosures (page 1 of 4)

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For use in one-on-one meetings/presentations.

This information represents the opinion of U.S. Bank. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. The factual information provided has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness.

U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. **Holdings of Nuveen mutual funds**: Firstar Capital Corporation (Firstar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firstar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds**: U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

Definitions of report and statement terms (page 1 of 5)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than $1 million (excluding primary residence) or an income of more than $200,000 individually ($300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of report and statement terms (page 2 of 5)

Cost basis/book value: The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Estimated annual income: The amount of income a particular asset is anticipated to earn over the period indicted. The shares multiplied by the annual income rate.

Gain/loss calculation: If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

Gross of Fees: Represents all assets included in the calculation of the portfolio -- before the deduction of trust and asset management fees -- and is inclusive of all applicable third party security fees and expenses Details of those fees and expenses are provided in the security's prospectus or offering documents.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Definitions of report and statement terms (page 3 of 5)

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Net of Fees: Represents all assets included in the calculation of the portfolio -- after the deduction of trust and asset management fees. Please refer to the client fee schedule for additional information.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company’s stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm’s ability to grow its earnings. A low P/E indicates the market has less confidence that the company’s earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least $5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Definitions of report and statement terms (page 4 of 5)

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third-party security fees and expenses. Details of those fees and expenses are provided in the security’s prospectus or offering documents.

Definitions of report and statement terms (page 5 of 5)

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund’s or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Unrealized gain (loss) — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have $250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least $50 million, have a maturity value of at least $5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade counties outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Frequently used indexes (page 2 of 5)

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

Frequently used indexes (page 3 of 5)

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

Frequently used indexes (page 4 of 5)

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Frequently used indexes (page 5 of 5)

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

June 30, 2024 and 2023

and

September 30, 2023

QUARTERLY STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2024
FOR
LEAGUE ASSOCIATION OF RISK MANAGEMENT

Nebraska Company Code: 201675 Employer's ID Number: 47-0791192

Incorporated May 1, 1995 under the Laws of Nebraska

The offices and primary location of books and records are at 206 S 13th Street, Suite 800
Lincoln, Nebraska 68508

The mailing address is 206 S 13th Street, Suite 800
Lincoln, Nebraska 68508

Telephone Number	402-742-2600
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Officers of the Association:

Chair:	Joey Spellerberg
Vice Chair:	Sandra Schendt
Secretary:	L. Lynn Rex

Directors or Trustees:

Connie Jo Beck
Pamela Buethe
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Raquel Felzien
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LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Thomas, Kunc & Black, LLP
Certified Public Accountants

Independent Accountant's Compilation Report

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

Management is responsible for the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets - statutory basis as of June 30, 2024 and 2023 and the related statutory statements of revenues and expenses, changes in surplus, and cash flows for the periods then ended, and the related notes to the financial statements in the accompanying prescribed form in accordance with the Insurance Department of the State of Nebraska. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Insurance Department of the State of Nebraska and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

September 30, 2023 Financial Statements

The accompanying September 30, 2023 financial statements of League Association of Risk Management were audited by us, and we expressed an unqualified opinion on the statutory basis of accounting in our report dated December 29, 2023, but we have not performed any auditing procedures since that date.

Thomas, Kunc and Black, LLP

Lincoln, Nebraska
August 15, 2024

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

June 30, 2024 and 2023 and September 30, 2023

Assets

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2023 (Audited)
Cash:			
Cash on deposit	$ 3,481,671	2,913,569	2,354,318
Short-term investments	3,895,982	987,056	-
Total cash	7,377,653	3,900,625	2,354,318
Long-term investments	11,996,310	14,795,810	13,493,414
Accounts receivable	-	-	4,424
Premiums receivable	172,180	101,533	14,131,220
Interest receivable	73,916	23,756	21,472
Reinsurance recoverable on paid losses	1,045,261	851,982	732,865
Total assets	$ 20,665,320	19,673,706	30,737,713

Liabilities and Surplus

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2023 (Audited)
Loss reserves	$ 6,585,160	5,463,207	5,598,841
Loss adjustment expenses	2,058,639	2,383,721	2,080,595
Unearned premium	3,392,483	3,004,319	14,055,259
Taxes payable	112,554	91,201	120,304
Other liabilities	108,835	352,273	387,134
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	12,282,671	11,319,721	22,267,133
Surplus	8,382,649	8,353,985	8,470,580
Total liabilities and surplus	$ 20,665,320	19,673,706	30,737,713

See accompanying notes to financial statements and independent accountant’s compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Income - Statutory Basis

For the periods ended June 30, 2024 and 2023

and the year ended September 30, 2023

		Nine Months Ended		Year Ended
		June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2023 (Audited)
Revenues:				
Premiums earned, direct	$	12,811,840	10,219,783	13,598,774
Premiums earned, transferred by excess		(4,524,479)	(3,458,745)	(4,757,150)
Net premiums		8,287,361	6,761,038	8,841,624
Investment income		318,675	235,546	264,924
Miscellaneous income		25,879	113,884	115,198
Total revenues		8,631,915	7,110,468	9,221,746
Expenses:				
Losses incurred, direct		11,723,627	3,670,381	7,052,358
Losses incurred, transferred by excess		(7,050,257)	148,212	(1,832,519)
Net losses		4,673,370	3,818,593	5,219,839
Loss expenses incurred		636,892	681,193	608,024
Other underwriting expenses incurred		3,409,584	2,687,353	3,353,959
Total expenses		8,719,846	7,187,139	9,181,822
Net income/(loss) - statutory basis	$	(87,931)	(76,671)	39,924

See accompanying notes to financial statements and independent accountant’s compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Changes in Surplus - Statutory Basis

For the periods ended June 30, 2024 and 2023

and the year ended September 30, 2023

		Nine Months Ended		Year Ended
		June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2023 (Audited)
Surplus, beginning of period	$	8,470,580	8,430,656	8,430,656
Net income/(loss) - statutory basis		(87,931)	(76,671)	39,924
Unrealized capital gain		-	-	89,606
Change in non-admitted assets		-	-	(89,606)
Dividends		-	-	-
Surplus, end of period	$	8,382,649	8,353,985	8,470,580

See accompanying notes to financial statements and independent accountant’s compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the periods ended June 30, 2024 and 2023

and the year ended September 30, 2023

	Nine Months Ended June 30, 2024 (Unaudited)	Nine Months Ended June 30, 2023 (Unaudited)	Year Ended September 30, 2023 (Audited)
Premiums collected, net of excess insurance	$ 11,587,739	8,699,674	7,797,399
Loss and loss adjustment expenses paid	(4,658,295)	(2,489,341)	(3,865,793)
Underwriting expenses paid	(3,695,633)	(2,724,200)	(3,326,842)
Cash from underwriting	3,233,811	3,486,133	604,764
Investment income	266,231	233,293	354,561
Miscellaneous income	25,879	113,884	115,198
Net cash from operations	3,525,921	3,833,310	1,074,523
Transfers in:			
Other sources	1,497,414	122	218,144
Transfers out:			
Other applications	-	(1,084,252)	(89,794)
Net change in cash and short-term investments	5,023,335	2,749,180	1,202,873
Cash and short-term investments, beginning of period	2,354,318	1,151,445	1,151,445
Cash and short-term investments, end of period	$ 7,377,653	3,900,625	2,354,318

See accompanying notes to financial statements and independent accountant’s compilation report.

(1) Summary of significant accounting policies:

(a) Nature of organization:

The League Association of Risk Management (the Pool) is a risk management pool created under the provisions of the Intergovernmental Risk Management Act and the Interlocal Cooperation Act of the State of Nebraska. The Pool was created for the purpose of Nebraska municipalities to act jointly to provide risk management services and insurance coverage in the form of group self-insurance or standard insurance, including any combination of group self-insurance and standard insurance, to protect members against losses arising from general liability, property damage, destruction or loss, errors and omissions liability, and workers' compensation liability. Any county, city, village, school district, public power district, rural fire district, or other political subdivision of the State of Nebraska, the State of Nebraska, the University of Nebraska, and any corporation whose primary function is to act as an instrumentality or agency of the State of Nebraska is eligible to participate as a member of the pool.

The Pool is financed through the annual and supplemental contributions paid by the participating entities, through income earned from the investment of the Pool's funds, and through any other monies, which may be lawfully received by the Pool and made part of the Pool's assets. The Pool provides group self-insurance coverage for automobile physical damage, comprehensive property - all risk, boiler and machinery, basic crime, general liability, automobile liability, law enforcement liability, public officials liability, employment practices liability, non-monetary relief defense expense, reimbursement of criminal defense expense, workers' compensation, employers' liability, cyber liability, and terrorism.

The Pool is operated by a Board of Directors consisting of elected and appointed officials or employees of the Pool members. The Board has the power to establish the coverage document, ensure that all claims covered by the document are paid, take all necessary precautions to safeguard the assets of the Pool, and make and enter into any and all contracts and agreements necessary to carry out any of the powers granted or duties imposed under the Pool formation agreement, the Pool's bylaws, or any applicable law or regulation.

(b) Basis of presentation:

For purposes of this statement, the Pool uses the statutory basis of accounting as prescribed by the Insurance Department of the State of Nebraska, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the statutory basis of accounting, certain fixed assets and prepaid expenses are not recognized on the balance sheet.

(c) Investment income:

Investment income consists primarily of interest and is recorded as earned.

(d) Contributions:

Contributions are earned over the terms of the related coverage document and reinsurance contracts. All coverage documents coincide with the fiscal year of the Pool. Unearned contribution reserves are established to cover the unexpired portion of contributions written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

(e) Unpaid loss and loss adjustment expenses:

Unpaid loss and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed and any adjustments are reflected in the period determined.

See independent accountant's compilation report.

(1) Summary of significant accounting policies: (Continued)

(f) Reinsurance:

In the normal course of operation, the Pool seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy.

(g) Income taxes:

The Pool is exempt under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is required and the Pool is not required to file any returns or reports with the Internal Revenue Service related to income taxes.

(h) Management estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(2) NLC Mutual Insurance Company:

The Pool joined the NLC Mutual Insurance Company (NLC) as of October 1, 2002. NLC is a mutual insurance company, formed with the assistance of the National League of Cities in 1986.

Each entity is charged a capitalization fee based on a percentage of premiums. The Pool contributed a total of $377,664, which is reflected on NLC's financial statements as member surplus. In addition, NLC allocates a portion of their net income to the member surplus each year. As a mutual company, NLC returns earnings that are not needed to pay claims and the expenses of operations to the members in the form of dividends. NLC paid dividends of $22,525 (June 30, 2024), $110,625 (June 30, 2023), and $110,625 (September 30, 2023). The total member surplus reflected on NLC's financials for LARM were $3,165,002 (June 30, 2024), $3,075,396 (June 30, 2023), and $3,165,002 (September 30, 2023).

The Nebraska Department of Insurance classifies this investment as non-admitted as it is not easily liquidated into cash.

(3) Cash on deposit and investments:

Cash on deposit, which includes cash in checking accounts, certificates of deposit with original maturities of one year or less, and money market deposit accounts are carried at cost, which approximates market value. The Pool maintains its cash on deposit in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Long term investments are investments with original maturities of more than one year. Included in long term investments are certificates of deposit and governmental agency bonds. Certificates of deposit are carried at cost, which approximates market value. Statutory accounting principles require that bonds be reported at amortized cost.

Statutes authorize the Pool to invest in bank certificates of deposit, repurchase agreements collateralized by U.S. government and government-guaranteed obligations, or U.S. agency and instrumentality obligations and mutual funds that invest in these investments.

For purposes of this footnote, the cost basis does not include checks issued and outstanding.

(3) Cash on deposit and investments: (Continued)

The Pool's cash and investment balances were as follows:

	Cost		
	Insured or Direct U.S. Government	Uninsured	Total
At June 30, 2024			
Cash on deposit	$ 250,000	3,422,089	3,672,089
Short-term investments	3,895,982	-	3,895,982
Long-term investments	11,996,310	-	11,996,310
	$ 16,142,292	3,422,089	19,564,381
At June 30, 2023			
Cash on deposit	$ 250,000	2,855,623	3,105,623
Short-term investments	987,056	-	987,056
Long-term investments	14,795,810	-	14,795,810
	$ 16,032,866	2,855,623	18,888,489
At September 30, 2023			
Cash on deposit	$ 250,000	2,654,386	2,904,386
Short-term investments	-	-	-
Long-term investments	13,493,414	-	13,493,414
	$ 13,743,414	2,654,386	16,397,800

The Pool has adopted Statement of Statutory Accounting Principles (SSAP) No. 100, *Fair Value*. This standard defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Pool considers the primary or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

The Pool classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SSAP 100 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 – Quoted prices in active markets for *identical* assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly; such as quoted prices for *similar* assets or liabilities, quoted prices in markets that are not active; or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(3) Cash on deposit and investments: (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Bonds – Mortgage and Other Asset Backed Bonds: Valued based on Residential Mortgage Backed Securities modeling file provided by FINRA. The prepayment assumptions used for single class and multi-class mortgage backed/asset backed securities were obtained from broker/dealer survey values. These assumptions are consistent with the current interest rate and economic environment.

	June 30, 2024					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 3,957,760	-	2,138,440	109,890	6,096,200	109,890
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	9,055,235	442,783	9,055,235	442,783
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	3,957,760	-	11,193,675	552,673	15,151,435	552,673
Total temporarily impaired securities	$ 3,957,760	-	11,193,675	552,673	15,151,435	552,673

The amortized cost and estimated statutory fair value of bonds at June 30, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	$ 3,895,982	3,957,760
Due after one year through five years	8,746,806	8,378,453
Due after five years through ten years	2,999,543	2,815,222
Due after ten years	-	-
	$ 15,642,331	15,151,435

See independent accountant's compilation report.

(3) Cash on deposit and investments: (Continued)

	June 30, 2023					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 994,580	-	4,595,255	229,232	5,589,835	229,232
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	8,892,241	829,245	8,892,241	829,245
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	994,580	-	13,487,496	1,058,477	14,482,076	1,058,477
Total temporarily impaired securities	$ 994,580	-	13,487,496	1,058,477	14,482,076	1,058,477

The amortized cost and estimated statutory fair value of bonds at June 30, 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	**Estimated Statutory Fair Value**
Due in one year or less	$ 987,056	994,580
Due after one year through five years	11,546,753	10,781,613
Due after five years through ten years	2,999,219	2,705,883
Due after ten years	-	-
	$ 15,533,028	14,482,076

(3) Cash on deposit and investments: (Continued)

	September 30, 2023					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ -	-	2,557,645	189,876	2,557,645	189,876
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	9,711,482	784,542	9,711,482	784,542
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	-	-	12,269,127	974,418	12,269,127	974,418
Total temporarily impaired securities	$ -	-	12,269,127	974,418	12,269,127	974,418

The amortized cost and estimated statutory fair value of bonds at September 30, 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	$ -	-
Due after one year through five years	10,244,246	9,558,327
Due after five years through ten years	2,999,300	2,710,800
Due after ten years	-	-
	$ 13,243,546	12,269,127

The Pool regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the prospects of the issuers, including, but not limited to 1) the Pool's intentions and ability to hold the investments; 2) the length of time and the magnitude of the unrealized loss; 3) the credit ratings of the issuers of the investments, and 4) other information specific to the issuer, the Pool has concluded that any declines in the fair values of the Pool's investments in bonds at June 30, 2024 and 2023 and September 30, 2023 are temporary and are presented on the following page.

(3) Cash on deposit and investments: (Continued)

The cost, gross unrealized gains, gross unrealized losses and estimated fair values are as follows:

June 30, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 15,643,331	61,777	552,673	15,152,435
Total	$ 15,643,331	61,777	552,673	15,152,435

June 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 15,533,028	7,525	1,058,477	14,482,076
Total	$ 15,533,028	7,525	1,058,477	14,482,076

September 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 13,243,545	-	974,418	12,269,127
Total	$ 13,243,545	-	974,418	12,269,127

The statement value and estimated fair value of financial instruments at June 30, 2024 and 2023 and September 30, 2023 are as follows:

	June 30, 2024				
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$ 15,642,331	15,152,435	-	15,152,435	-
Cash on deposit (including certificates of deposit)	3,731,632	3,727,622	3,481,632	245,990	-
Investment income due and accrued	73,916	73,916	73,916	-	-
Total	$ 19,447,879	18,953,973	3,555,548	15,398,425	-

See independent accountant's compilation report.

(3) Cash on deposit and investments: (Continued)

		June 30, 2023				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$	15,533,028	14,482,076	-	14,482,076	-
Cash on deposit (including certificates of deposit)		3,163,407	3,147,345	2,914,695	232,650	-
Investment income due and accrued		23,756	23,756	23,756	-	-
Total	$	18,720,191	17,653,177	2,938,451	14,714,726	-

		September 30, 2023				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$	13,243,545	12,269,127	-	12,269,127	-
Cash on deposit (including certificates of deposit)		2,604,187	2,590,552	2,354,187	236,365	-
Investment income due and accrued		21,472	21,472	21,472	-	-
Total	$	15,869,204	14,881,151	2,375,659	12,505,492	-

(4) Retirement plan:

The Pool maintains a 401(a) - retirement savings plan and 457(b) - deferred compensation plan for all employees. The Pool makes contributions into the 401(a) plan up to 10% of compensation. The employee may also make elective deferrals into either/both plans.

(5) Reinsurance recoverables:

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured coverage document. The Pool's management believes the recoverables are appropriately established. The Pool had reinsurance recoverable amounts from four third-party reinsurers.

		June 30, 2024	June 30, 2023	September 30, 2023
Contributions:				
Direct	$	12,811,840	10,219,783	13,598,774
Ceded		(4,524,479)	(3,458,745)	(4,757,150)
Net contributions earned	$	8,287,361	6,761,038	8,841,624
Losses:				
Direct	$	11,723,627	3,670,381	7,052,358
Ceded		(7,050,257)	148,212	(1,832,519)
Net losses incurred	$	4,673,370	3,818,593	5,219,839

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of $1,045,261 (June 30, 2024), $851,982 (June 30, 2023), and $732,865 (September 30, 2023).

See independent accountant's compilation report.

(5) Reinsurance recoverables: (Continued)

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of $12,082,909 (June 30, 2024), $4,639,189 (June 30, 2023), and $6,643,560 (September 30, 2023).

The Pool has entered into quota share, stop loss and per occurrence reinsurance agreements. As part of a reinsurance agreement, the Pool has withheld $25,000 from the balance payable to a reinsurer. At June 30, 2024 and 2023 and September 30, 2023, the Pool had the funds withheld recorded as a liability.

The accompanying financial statements reflect the financial position and results of operations net of related reinsurance. To the extent that any reinsuring companies are unable to meet their obligations under the reinsurance agreements, the Pool would remain liable.

(6) Related party transactions:

LARM contracted with the League of Nebraska Municipalities for office space and miscellaneous administrative services. The total amount paid to the League of Nebraska Municipalities was $425,087 (June 30, 2024), $103,423 (June 30, 2023) and $134,174 (September 30, 2023). The total amount of payables to the League of Nebraska Municipalities was $6,139 (June 30, 2024), $550 (June 30, 2023) and $393 (September 30, 2023).

(7) Self-insured retention:

The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by the reinsurance contracts and excess insurance contracts.

The per-claim retention limit for the current coverage was as follows:

$	300,000	per occurrence	General Liability, Auto Liability, Police, Errors and Omissions
$	300,000	per occurrence	Public Official's Liability
$	100,000	per loss	Property, Auto Physical Damage
$	450,000	per occurrence	Wind and Hail Damage
$	750,000	per location and loss	Workers' Compensation
$	25,000	per occurrence	Boiler and Machinery
$	50,000	per occurrence	Cyber
$	10,000	per occurrence	Terrorism
$	250,000	per occurrence	Pollution
$	10,000	per occurrence	Deadly Weapons Response

(8) Retrospective assessments and credits:

Nine months following the close of the fiscal year and at annual intervals thereafter, the Pool may recalculate each member's retrospective premium or premium credit for the year.

No dividends were declared for the periods ended June 30, 2024 and 2023 and September 30, 2023.

(9) Surplus:

Assets are reported under statutory accounting on an admitted assets basis. The non-admitted assets are excluded through a charge against surplus.

The portion of surplus represented or reduced by the following items are as follows:

		June 30, 2024	June 30, 2023	September 30, 2023
Non-admitted assets:				
Accounts receivable over 90 days past due	$	-	-	-
Agents balances receivable over 90 days past due		-	-	-
Investment in NLC		3,165,002	3,075,396	3,165,002
	$	3,165,002	3,075,396	3,165,002

(10) Commitments and contingencies:

From time to time, the Pool is involved in pending and threatened litigation in the normal course of business in which claims for monetary damages are asserted. In the opinion of management, the ultimate liability, if any, arising from such pending or threatened litigation is not expected to have a material effect on the results of operations, liability, or financial position of the Pool.

(11) Financial statement presentation:

Amounts for June 30, 2023 and September 30, 2023 have been restated in some instances to conform with current statement presentation.

(12) Subsequent events:

The Pool evaluated subsequent events through August 15, 2024. There were no subsequent events that require disclosure and/or adjustments.

SUPPLEMENTAL INFORMATION

Independent Accountant's Report
on Supplemental Information

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

The June 30, 2024 and 2023 supplementary information contained in the Reconciliation of Unpaid Claims is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

The September 30, 2023 supplementary information contained in the Reconciliation of Unpaid Claim Liabilities is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole based upon the statutory basis of accounting. We have not performed any auditing procedures on the supplementary information since December 29, 2023.

Thomas, Kunc and Black, LLP

Lincoln, Nebraska
August 15, 2024

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the periods ended June 30, 2024 and 2023

and the year ended September 30, 2023

	Nine Months Ended		Year Ended
	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2023 (Audited)
Unpaid claims and claims adjustment expenses at beginning of period	$ 7,679,436	6,871,870	6,871,870
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	4,783,500	4,680,000	7,580,837
Increase/(decrease) in provision in insured events of prior policy years	526,762	(180,214)	(1,752,974)
Total incurred claims and claims adjustment expenses	5,310,262	4,499,786	5,827,863
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	1,024,665	1,940,063	3,122,439
Claims and claims adjustment expenses attributable to insured events of prior policy years	3,321,234	1,584,665	1,897,858
Total payments	4,345,899	3,524,728	5,020,297
Total unpaid claims and claims adjustment expenses at end of period	$ 8,643,799	7,846,928	7,679,436

See independent accountant’s report on supplemental information.

2024 REINSURANCE RENEWAL OVERVIEW

LARM Board of Directors Meeting, Lincoln NE

September 19, 2024

AGENDA

OUR PURPOSE IS TO UPDATE THE LARM BOARD ON REINSURANCE NEGOTIATIONS AND OUTCOMES THAT WILL FACILITATE BOARD ACTION FOR BINDING REINSURANCE PROGRAM RENEWALS EFFECTIVE OCTOBER 1, 2024

» Market Overview

» Primary Property Renewal

» Excess Workers Compensation Renewal

» Excess Liability Renewal

MARKET – OVERVIEW

General Reinsurance Market Conditions – 2024

1. Market remains optimistic heading into Q4 of 2024
   - Relatively clean loss year in 2023 for the market as a whole
   - Reinsurance treaty renewals much smoother than leading into 2023
   - 2024 Storm Season has not been as severe as predicted (to date)
2. Key areas for success in 2024 and beyond:
   - Investment in Risk Management and Loss Control
   - Proper valuations, and understanding why they are accurate
   - Loss History
   - Detailed underwriting data

MARKET – OVERVIEW

Property

1. Showing signs of improvement
2. 2023 was a relatively clean loss history, but very costly year for tornado, hail, and severe convective storm losses
3. Increase in capacity among existing reinsurance players, but only slight, and dedicated to the best programs.
4. Pools will remain a more challenged class, due to:
   - Accumulation of values
   - Insurance to Value (ITV) concerns
   - Aging Infrastructure among members
   - Protective safeguards

MARKET – OVERVIEW

Workers' Compensation

Mixed Environment

- Market remaining stable
- Insurers cautious due to economic uncertainties and regulatory changes

Challenges on Rate Adequacy

- Rising medical costs, wage growth, an aging workforce
- Limited market competition

Liability

Rates Continue Upward Trajectory

- Rate increases slowing at roughly same pace as recent years
- Renewals moving less with market conditions, and more with individual risk performance
- Law Enforcement and SAM exposures remain a challenge
- Social Inflation and Nuclear Verdicts continue to plague industry

**Council of Insurance Agents & Brokers (CIAB) through the second quarter of 2023*

$3M PRIMARY PROPERTY*– 3 YEAR HISTORICAL

Program Details	2022-2023	2023-2024	2024-2025
Program Coverage	Follow LARM Form	Follow LARM Form	Follow LARM Form
Limits of Liability			
-All Risk Limit:	$2,900,000	$2,900,000	$2,900,000
-CAT Perils (EQ, Flood W&H) Limits:	$2,550,000	$2,550,000	$2,500,000
Pool Retention			
-All Risk:	$100,000	$100,000	$100,000
-CAT Perils (EQ, Flood W&H):	$450,000	$450,000	$500,000
Exposure/Rate			
Total Insured Values (TIV):	$2,064,002,368	$2,269,600,130	$2,667,419,251
YOY +/-	NA	10.0%	17.5%
Rate Per $100 TIV:	.0533	.0693	.1150
YOY +/-	NA	30.0%	66.0%
Annual Premium	$1,100,000	$1,572,458	$3,067,532
YOY +/-	NA	43.0%	95.1%

* *National League of Cities (NLC) Mutual Insurance Company*

EXCESS LIABILITY* – FIVE YEAR HISTORICAL

Program Details	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Program Options	Expiring	Expiring	Expiring	Expiring	Expiring
Retention / Limits -Retention: -Per Member: -Per Occurrence Maximum:	 $300,000 $4,700,000 $15,000,000	 $300,000 $4,700,000 $15,000,000	 $300,000 $4,700,000 $15,000,000	 $300,000 $4,700,000 $15,000,000	 $300,000 $4,700,000 $15,000,000
Exposure/Rate -Net Operating Expense (NOE): YOY +/- -Rate Per $1000 Est. NOE: YOY +/-	 $539,225,181 23% 1.0873 1.5%	 $544,643,342 8.8% 1.1308 4%	 $595,160,582 9.28% 1.2438 10.00%	 $618,689,451 4.0% 1.3370 7.50%	 $665,968,952 7.6% 1.3770 3.00%
GL Accident Year Net Losses	$1,454,848	$1,136,012	$1,049,161	$500,002**	NA
Annual Premium YOY +/-	$586,300 25.13%	$615,882 5.05%	$740,308 20.20%	$827,188 11.7%	$917,039 10.9%

** National League of Cities (NLC) Mutual Insurance Company*
*** Through Q2*

EXCESS WORK COMP – FIVE YEAR HISTORICAL

Program Details	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Excess Carrier	MEC	MEC	MEC	MEC	MEC
Workers' Compensation - Specific Limit: - Retention each accident, each employee for disease:	Statutory $750,000	Statutory $750,000	Statutory $750,000	Statutory $750,000	Statutory $750,000
Employers Liability - Limit: - Retention:	$2,000,000 $750,000	$2,000,000 $750,000	$2,000,000 $750,000	$2,000,000 $750,000	$2,000,000 $750,000
Aggregate Limit	$5,000,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000
Exposure/Rate Estimated Payroll: YOY +/- Rate Per $100 Est. Payroll: YOY +/-	$86,490,825 + 10.4% .4856 0.1%	$90,221,863 + 4.3% .4856 0.0%	$119,254,865 + 32.18% .4929 1.5%	127,233,293 + 6.7% .4929 0.0%	155,682,555 + 22.4% .4980 1.0%
Annual Premium YOY +/-	$419,999 10.5.%	$496,319 4.3%	$587,807 18.4%	$627,133 + 6.7%	$775,299 + 23.6%

** MEC = Midwest Employers Casualty*

RENEWAL - OVERVIEW

Changes in Terms and Conditions

NLC Liability Renewal

- Removing audit provisions (portfolio-wide) and requesting a post-binding true-up of exposures.

NLC Property Renewal

- Increasing attachment for CAT losses from $450k to $500k

2024-2025 RENEWAL - ANNUAL PREMIUMS*

$3M Primary Property	Excess Liability Annual Premium	Excess Workers' Compensation
$3,067,532	$917,039	$775,299

* *Annual premiums are approximate based on current indications*

MOTION

THE LARM BOARD MAY ACT ON THE PRIMARY PROPERTY, EXCESS LIABILITY, AND EXCESS WORKERS' COMPENSATION REINSURANCE RENEWAL PROGRAMS AS PRESENTED

Approve the annual reinsurance update and place the following coverages:

- Primary Property - Effective 10.01.2024
- Excess Liability - Effective 10.01.2024
- Excess Workers' Compensation - Effective 10.01.2024

LARM
LEAGUE ASSOCIATION of RISK MANAGEMENT

2024-25

BUDGET REPORT

Mark Weaver
Vice President, Finance
Sedgwick

LEAGUE ASSOCIATION OF RISK MANAGEMENT
2024-25 Proposed Budget
7/16/2024

REVENUE DETAIL

Code	Description	2022-2023 Actual Revenue	2023-2024 Reprojected Revenue	2023-2024 Approved Budget	2024-2025 Proposed Budget	Current vs Prior Budget: Dollar Incr/(Decr)	Percent Incr/(Decr)
	Income						
1	Gross Earned Contribution	13,598,774	16,372,000	16,288,000	20,045,000	3,757,000	23.1%
2	Ceded Premiums	(4,757,150)	(6,023,000)	(6,021,000)	(7,675,000)	(1,654,000)	27.5%
3	Net Earned Contribution	8,841,624	10,349,000	10,267,000	12,370,000	2,103,000	20.5%
4	Investment Income (net of fees)	264,924	372,000	360,000	400,000	40,000	11.1%
5	Other Income	115,198	26,000	80,000	30,000	(50,000)	(62.5%)
	Total Revenue	9,221,746	10,747,000	10,707,000	12,800,000	2,093,000	19.5%

EXPENDITURE DETAIL

Code	Description	2022-2023 Actual Expenditures	2023-2024 Reprojected Expenditures	2023-2024 Approved Budget	2024-2025 Proposed Budget	Current vs Prior Budget: Dollar Incr/(Decr)	Percent Incr/(Decr)
	Claim Losses and Loss Expenses						
6	Losses and Expenses	7,052,358	8,056,000	8,056,000	9,181,000	1,125,000	14.0%
7	Loss Adjustment Expense	608,024	1,008,000	1,008,000	1,149,000	141,000	14.0%
8	Ceded Losses	(1,832,519)	(2,686,000)	(2,686,000)	(3,061,000)	(375,000)	14.0%
9	**Net Losses**	5,827,863	6,378,000	6,378,000	7,269,000	891,000	14.0%
	Underwriting Expenses						
10	Actuarial Services	33,000	33,000	33,000	33,000	-	-
11	Legal Services	35,471	102,000	100,000	100,000	-	-
12	Salary & Wages	738,307	853,000	853,000	904,100	51,100	6.0%
13	Employee Benefits	336,804	295,000	295,000	295,000	-	-
14	Payroll Taxes	55,799	68,000	68,000	72,000	4,000	5.9%
15	Retirement Plan	71,471	77,000	77,000	81,000	4,000	5.2%
16	Mobile Phone	7,332	10,000	11,000	15,000	4,000	36.4%
17	Car & Field	19,787	50,000	53,000	78,000	25,000	47.2%
18	Computer	52,104	74,000	74,000	70,000	(4,000)	(5.4%)
19	Telecommunication / Network	8,200	10,000	10,000	10,000	-	-
20	Postage	1,112	3,000	3,000	3,000	-	-
21	Office Supplies	7,332	13,000	15,000	15,000	-	-
22	Dues & Publications	17,086	19,000	15,000	20,000	5,000	33.3%
23	Miscellaneous	32	1,000	1,000	1,000	-	-
24	Conferences & Travel	29,960	50,000	50,000	60,000	10,000	20.0%
25	Accounting & Financial Audit	38,287	47,000	47,000	47,000	-	-
26	Rent/Leases & Building Costs	67,543	68,000	68,000	108,000	40,000	58.8%
27	Third Party Administration	756,550	766,000	753,000	753,000	-	-
28	LNM Administrative Fee	-	328,000	326,000	401,000	75,000	23.0%
29	Advertising / Marketing / Printing	25,313	23,000	23,000	24,000	1,000	4.3%
30	Appraisal Services	41,420	43,000	57,000	69,400	12,400	21.8%
31	Loss Control Services	23,688	55,000	55,000	52,500	(2,500)	(4.5%)
32	Safety Grant Program	38,952	60,000	60,000	60,000	-	-
33	Agent Commissions	729,473	923,000	747,000	1,120,000	373,000	49.9%
34	Risk Control Consulting Services	10,000	24,000	24,000	24,000	-	-

35	Department of Insurance Audit	-	25,000	25,000	30,000	5,000	20.0%
36	Bank Fees	7,516	6,000	5,000	6,000	1,000	20.0%
37	Insurance	81,116	82,000	72,000	82,000	10,000	13.9%
38	Taxes & Licenses	120,304	145,000	139,000	163,000	24,000	17.3%
39	**Total Underwriting Expenses**	3,353,959	4,253,000	4,059,000	4,697,000	638,000	15.7%
	Total Expenditures	9,181,822	10,631,000	10,437,000	11,966,000	1,529,000	14.6%
40	**Net Income**	39,924	116,000	270,000	834,000	564,000	208.9%

SURPLUS DETAIL

Code	Description	2022-2023 Actual Surplus	2023-2024 Reprojected Surplus	2023-2024 Approved Budget	2024-2025 Proposed Budget
	Surplus				
41	Beginning Surplus	8,430,656	8,470,580	8,430,656	8,586,580
42	Earned Surplus	39,924	116,000	270,000	834,000
43	**Ending Surplus**	8,470,580	8,586,580	8,700,656	9,420,580
44	Dividend Program	-	-	-	-
45	**Total Surplus**	8,470,580	8,586,580	8,700,656	9,420,580

Line #	Category	Description
1	**Gross Earned Contribution**	Estimated amount of contribution to be collected from members. Amount is derived from current year contributions with increases of 7.5% for casualty (0% rate, 7.5% exposure) , 20% property (11.2% exposure, 8.8% rate), and 5% for workers comp (0% rate, 5% exposure). Also includes $350K in new business.
2	**Ceded Premiums**	Estimated premiums to be paid to reinsurers. Rate increases from the prior year: Casualty 3%, property 13%, and workers comp 1%. Figure includes $146K cyber, $27K pollution, $21K deadly weapon response, $30K mechanical breakdown, and $35K broker fee on liabilty policy.
3	**Net Earned Contribution**	Gross earned contributions less ceded premiums.
4	**Investment Income**	TPA estimated earnings from funds invested during the fiscal year, net of investment management fees.
5	**Other Income**	Net income recognized for policies outsourced to reinsurers, less the reinsurer's premium. Flood, crime and liquor liability policies, for example. Also includes a projected dividend receipt of $25K from NLC Mutual.
6	**Claim Losses and Loss Expenses**	Total of losses reserved on individual case files. Loss reserves are based on the best estimate of ultimate claim cost. Losses include awards and judgments paid to the plaintiff.
7	**Loss Adjustment Expense**	Expense associated with losses on Line #6, which includes cost of medical records, expert witness fees, independent medical exams, independent adjuster fees, Sedgwick claim handling fees, and court costs. Includes $87K workers comp claim handling fees contracted to Sedgwick.
8	**Ceded Losses**	Loss in excess of self-insured retentions with reinsurers and excess carriers. This amount is expected to be reimbursed to LARM by reinsurers and excess carriers.
9	**Net Losses**	Losses and expenses, plus loss adjustment expenses, less ceded losses. (The sum of lines 6 through 8.) Actuary estimates of the actual amount of claims to be paid by LARM are obtained from By the Numbers Actuarial Consultanting and reviewed by Sedgwick.
10	**Actuarial Services**	Fees paid to By the Numbers Actuarial Consulting, Inc. for actuarial services provided under contract. Services include the annual actuarial reserves opinion required by the Department of Insurance, assistance with development of the annual independent audit, quarterly reports to the Department of Insurance, rate analysis report, and other projects as assigned.
11	**Legal Services**	General counsel fees incurred that are not related to a claim. Examples may be advice on management, due process, review of coverage policies, DOI inquiries, employment and tax issues. Prior years have also included lobbying fees.
12	**Salary & Wages**	Salary and wages for eight staff members and 1/2 of IT manager. Includes a 6% salary increase for all staff.
13	**Employee Benefits**	Employee benefits for 8 1/2 staff members (1/2 is the IT manager shared with LONM) including health, HSA funding, dental, life and disability, as well as staff continuing education hours.
14	**Payroll Taxes**	Payroll taxes for staff, estimated to be 8% of salary & wages.
15	**Retirement Plan**	Retirement plan for staff, estimated at 9% of salary & wages once staff members are vested.
16	**Mobile Phone**	New phones for staff this year.
17	**Car & Field**	All vehicles and their related fuel and maintenance expenses. One new vehicle purchase is scheduled for the new year.
18	**Computer**	Software/hardware costs, technology service contract, hardware lease, website, etc.
19	**Telecommunication / Network**	Cost of Internet, cable, land line phones and related equipment.
20	**Postage**	Postage on all meeting packets, promotional calendars, letters, bills, loss control information, etc.
21	**Office Supplies**	Office supplies for the LARM office including general office supplies, small equipment, board packet materials, copies, and professional photos for website.
22	**Dues & Publications**	Membership dues, newspaper renewals, magazine subscriptions, etc.
23	**Misc.**	Cost of special awards, claim ex gratis payments, and any other office expenses that do not fall into another category.
24	**Conferences & Travel**	Conference and workshops for staff, NLC, AGRIP and PRIMA, including travel, accommodations, meals, etc. Also includes LARM meetings, Board of Directors travel expenses, and staff training.
25	**Accounting & Audit**	Accounting and auditing of filings required by the Department of Insurance, fees related to the independent audit of LARM's financial statements, and any required reports related to that audit. Also includes payroll service fees.
26	**Rent/Leases & Building Costs**	Rent for office space, utilities, copier lease, and office maintenance costs. Also includes new furniture for the new office building.
27	**Third Party Administration**	Fees paid to Sedgwick for monthly TPA services. Included is a 5% incentive payment on new business.
28	**LNM Administrative Fee**	Sponsorship fees paid to the League of Nebraska Municipalities. 2% of renewal contributions and new business is budgeted.
29	**Advertising/Marketing/Printing**	Direct advertising costs and enhanced marketing of LARM services to municipalities. Includes ads in trade magazines, design and printing costs for brochures and the LARM calendar, and promotional merchandise.
30	**Appraisal Services**	Cost of property appraisals and related expenses. Add $3100/mo partial year (May-Sept) for new appraiser. (Two appraisers for four months.)

Line #	Category	Description
31	**Loss Control Services**	Fees related to the police professional training conducted by LLRMI and NIRMA/PATC, Online University, Nebraska Safety Council annual fee, loss control safety marketing materials, membership publications, and claims software.
32	**Grant Programs**	Includes the $500 per member "Lean on LARM" Safety Grant program and the $700 per member Body Armor Grant. Prior years have also included the COVID-19 relief assistance program.
33	**Agent Commissions**	Commission paid on agent-produced business. This year's budget increase is due to increase in contributions.
34	**Brokerage Services/Consulting**	Consulting fees paid to brokers and consultants. (Broker fees paid to *reinsurers* are not included here, but are included in line 7 above.)
35	**Department of Insurance Exam**	Department of Insurance Audit. The audit typically occurs every three years, but can occur whenever the Department of Insurance determines. The current audit is for the four years ended 9/30/23 and will conclude in the Spring of 2025.
36	**Bank Fees**	Fees for checking account services including the general operating account and the claim account. Services include Positive Pay fraud prevention.
37	**Insurance**	Premium paid for public officials liability insurance for the LARM Board of Directors and Officers, insurance for LARM vehicles, workers' compensation, general liability, inland marine, commercial umbrella, ERISA bond, employee dishonesty, and cyber policies.
38	**Taxes & Licenses**	Estimate of premium tax and fees paid to the Nebraska Department of Insurance in compliance with the Intergovernmental Risk Management Act. Current rate is 1% of net contribution (after deduction for ceded premiums) plus 1% of gross workers' comp contributions.
39	**Total Underwriting Expenses**	Total underwriting and miscellaneous expenses. Sum of lines 10 through 38.
40	**Net Income**	Total revenue minus total expenditures.
41	**Beginning Surplus**	Surplus shown on the financial statement at the beginning of the fiscal year.
42	**Earned Surplus**	Net income reported on financial statement.
43	**Ending Surplus**	Beginning surplus plus earned surplus.
44	**Dividend Program**	Potential member distribution program.
45	**Total Surplus**	Ending surplus minus dividend program.